COVER SHEET

4409
SEC Registration Number

2GO GROUP INC.

(Company's Full Name)

8TH FLOOR TOWER 1 DOUBLE DRAGON
PLAZA MACAPAGAL BLVD. CORNER
EDSA EXTENSION PASAY CITY

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

MIA M. ORMITA
(Contact Person)

(02) 687-1195
(Company Telephone Number)

12 31
Month *Day*
(Fiscal Year)

17-Q
(Form Type)

Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)`

Corporate Finance Department
Dept. Requiring this Doc.

Amended Articles Number/Section

5,136
Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

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. **31 March 2019**
   For the calendar year ended

2. **4409**
   SEC Identification Number

3. **000-313-401-000**
   BIR Tax Identification Number

4. **2GO GROUP, Inc.**
   Exact name of the Registrant as specified in its charter

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

6. Industry Classification Code (SEC Use Only)

7. **8th Floor Tower 1 Double Dragon Plaza Macapagal Blvd. cor. EDSA Ext., Pasay CIty**
   Address of principal office Postal Code 1302

8. **(02) 528-7171**
   Issuer's telephone number, including area code

9. **No change in name, address and fiscal year since its last report**
   Former name, former address, and former fiscal year, if changed since last report.

10. **Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA**

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock	**2,462,146,316 shares**
Total liabilities as of 31 March 2019	**Php 12,430,764,000.00**

11. Are any or all of these securities listed on a Stock Exchange?

    Yes [X] No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed therein:
    The Philippine Stock Exchange, Inc. Common Shares

12. Check whether the Registrant:

    (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);

Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

13. The following documents are incorporated in the report and referenced as follows:

(i) 2GO Group, Inc.'s Unaudited Interim Condensed Consolidated Financial Statements as of and for the Three Months ended 31 March 2019 attached as Exhibit I; and

(ii) Management's Discussion and Analysis of Financial Condition and Results of Operations attached as Exhibit II.

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to the attached Exhibit I.

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

Please refer to the attached Exhibit II.

PART II--OTHER INFORMATION

None.

2GO Group, Inc. and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements
As of and For the Three Months Ended
March 31, 2019
(With Comparative Figures
For the Three Months Ended March 31, 2018 and
As of December 31, 2018)

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number: 4409

COMPANY NAME

2GO GROUP, INC. AND SUBSIDIARIES

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

8TH FLOOR, TOWER 1, DOUBLE DRAGON PLAZA, EDSA EXTENSION CORNER MACAPAGAL AVENUE, PASAY CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
investor_relations@2go.com.ph	(02) 554-8777	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,888	**4th Thursday of May**	**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
Atty. Elmer Serrano	**elmer.serrano@mvgslaw.com**	**(02) 554-8777**	**N/A**

CONTACT PERSON's ADDRESS

8th Floor, Tower 1, Double Dragon Plaza, DD Meridian Park corner Macapagal Avenue and Edsa Extension, Bay Area, Pasay City, Metro Manila

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.*

2GO GROUP, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2019
(With Comparative Figures as of December 31, 2018)
(Amounts in Thousands)

	Note	**March 31, 2019 (Unaudited)**	December 31, 2018 (As re-presented)
ASSETS			
Current Assets			
Cash and cash equivalents	*7*	**₱1,403,625**	₱1,415,411
Trade and other receivables, net	*8, 20*	**4,025,494**	4,191,514
Inventories	*9*	**710,417**	628,210
Other current assets	*10*	**2,015,504**	1,771,132
Total Current Assets		**8,155,040**	8,006,267
Noncurrent Assets			
Property and equipment	*11, 17*	**7,019,581**	7,211,433
Investments in associates and joint ventures	*12*	**310,918**	325,642
Deferred tax assets, net	*27*	**69,842**	69,495
Goodwill	*13*	**686,896**	686,896
Other noncurrent assets	*14*	**434,892**	435,808
Total Noncurrent Assets		**8,522,129**	8,729,274
TOTAL ASSETS		**₱16,677,169**	₱16,735,541

LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	*16, 20*	**₱5,912,860**	₱5,881,404
Short-term notes payable	*15*	**2,915,000**	2,685,000
Income tax payable		**20,380**	15,374
Current portion of:			
Long-term debt	*17*	**115,841**	106,336
Obligations under finance lease	*11, 18*	**84,528**	83,515
Total Current Liabilities		**9,048,609**	8,771,629
Noncurrent Liabilities			
Long-term debt - net of current portion	*17*	**3,081,399**	3,116,177
Obligations under finance lease - net of current portion	*11, 18*	**71,277**	92,317
Accrued retirement benefits	*26*	**221,935**	211,420
Other noncurrent liabilities		**7,544**	7,284
Total Noncurrent Liabilities		**3,382,155**	3,427,198
Total Liabilities		**₱12,430,764**	₱12,198,827

(forward)

	Note	**March 31, 2019 (Unaudited)**	December 31, 2018 (As re-presented)
Equity	*21*		
Share capital		**₱2,500,663**	₱2,484,653
Additional paid-in capital		**3,225,544**	3,241,554
Other equity reserve		**(14,678)**	(14,678)
Other comprehensive losses – net		**(93,969)**	(93,767)
Deficit		**(1,375,247)**	(1,084,205)
Treasury shares		**(58,715)**	(58,715)
Equity Attributable to Equity Holders of the Parent Company		**4,183,598**	4,474,842
Non-controlling Interests		**62,807**	61,872
Total Equity		**4,246,405**	4,536,714
TOTAL LIABILITIES AND EQUITY		**₱16,677,169**	₱16,735,541

See Notes to the Unaudited Interim Condensed Consolidated Financial Statements.

2GO GROUP, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS ENDED MARCH 31, 2019

(With Comparative Figures for the Three Months Ended March 31, 2018)

(Amounts in Thousands, Except for Earnings Per Common Share)

		Three Months Ended March 31	
	Note	**2019 (Unaudited)**	2018 (As re-presented)
REVENUES FROM CONTRACTS WITH CUSTOMERS	*5*		
Shipping		**₱2,144,565**	₱–
Nonshipping:			
Logistics and other services		**1,855,557**	–
Sale of goods		**1,885,559**	–
REVENUE			
Shipping		**–**	1,907,286
Nonshipping:			
Logistics and other services		**–**	1,821,723
Sale of goods		**–**	1,572,271
		5,885,681	5,301,280
COST OF SERVICES AND GOODS SOLD	*22*	**5,652,065**	4,729,395
GROSS PROFIT		**233,616**	571,885
GENERAL AND ADMINISTRATIVE EXPENSES	*23*	**405,324**	444,545
OPERATING INCOME (LOSS)		**(171,708)**	127,340
OTHER INCOME (CHARGES)			
Equity in net (losses) earnings of associates and joint ventures	*12*	**(14,724)**	2,482
Financing charges	*24*	**(95,484)**	(87,694)
Others – net	*24*	**11,616**	30,178
		(98,592)	(55,034)
INCOME (LOSS) BEFORE INCOME TAX		**(270,300)**	72,306
PROVISION FOR INCOME TAX	*27*		
Current		**20,758**	36,804
Deferred		**(321)**	(2,935)
		20,437	33,869
NET INCOME (LOSS)		**(₱290,737)**	₱38,437
Attributable to:			
Equity holders of the Parent Company		**(₱291,672)**	₱34,797
Non-controlling interests		**935**	3,640
		(₱290,737)	₱38,437
Basic Earnings (Loss) Per Share	*28*	**(₱0.1192)**	₱0.01432

2GO GROUP, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2019

(With Comparative Figures for the Three Months Ended March 31, 2018)

(Amounts in Thousands)

		For the Three Months Ended March 31	
		2019	2018
	Note	**(Unaudited)**	(As re-presented)
NET INCOME (LOSS)		**(₱290,737)**	₱38,437
OTHER COMPREHENSIVE INCOME (LOSS) – Net of tax		**–**	–
TOTAL COMPREHENSIVE INCOME (LOSS)		**(₱290,737)**	₱38,437
Attributable to:			
Equity holders of the Parent Company		**(₱291,672)**	₱34,797
Non-controlling interests		**935**	3,640
		(₱290,737)	₱38,437

See Notes to the Unaudited Interim Condensed Consolidated Financial Statements.

2GO GROUP, INC. AND SUBSIDIARIES

AS RE-PRESENTED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(With Comparative Figures for the Three Months Ended March 31, 2018)
(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company												
				Other Comprehensive Income (Losses)									
	Share Capital (Note 21)	**Additional Paid-in Capital**	**Other Equity Reserve**	**Unrealized Gain on Available-for-sale Financial Assets**	**Share in Cumulative Translation Adjustment of Associates**	**Remeasurement Losses on Accrued Retirement Benefits - Net of tax** (Note 26)	**Share in Remeasurement Gains (Losses) on Accrued Retirement Benefits of Associates and Joint Ventures** (Note 12)	**Subtotal**	**Deficit**	**Treasury Shares** (Note 21)	**Total**	**Non-controlling Interests**	**Total Equity**
BALANCES AT DECEMBER 31, 2018 (As re-presented)	**₱2,484,653**	**₱3,241,554**	**(₱14,678)**	**(₱50)**	**₱5,294**	**(₱105,461)**	**₱6,450**	**(₱93,767)**	**(₱1,084,205)**	**(₱58,715)**	**₱4,474,842**	**₱61,872**	**₱4,536,714**
Prior period adjustment	**–**	**–**	**–**	**–**	**–**	**(202)**	**–**	**(202)**	**630**	**–**	**428**	**–**	**428**
Issuance of share capital	**16,010**	**(16,010)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net income (loss) for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(291,672)**	**–**	**(291,672)**	**935**	**(290,737)**
Other comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income (loss) for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(291,672)**	**–**	**(291,672)**	**935**	**(290,737)**
BALANCES AT MARCH 31, 2019 (Unaudited)	**₱2,500,663**	**₱3,225,544**	**(₱14,678)**	**(₱50)**	**₱5,294**	**(₱105,663)**	**₱6,450**	**(₱93,969)**	**(₱1,375,247)**	**(₱58,715)**	**₱4,183,598**	**₱62,807**	**₱4,246,405**
BALANCES AT DECEMBER 31, 2017	₱2,484,653	₱3,241,554	(₱14,678)	₱574	₱5,294	(₱103,561)	₱6,450	(₱91,243)	₱225,948	(₱58,715)	₱5,787,519	₱221,957	₱6,009,476
Net income (loss) for the period	–	–	–	–	–	–	–	–	34,797		34,797	3,640	38,437
Other comprehensive income for the period	–	–	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive income for the period	–	–	–	–	–	–	–	–	34,797	–	34,797	3,640	38,437
BALANCES AT MARCH 31, 2018 (As re-presented)	₱2,484,653	₱3,241,554	(₱14,678)	₱574	₱5,294	(₱103,561)	₱6,450	(₱91,243)	₱260,745	(₱58,715)	₱5,822,316	₱225,597	₱6,047,913

See Notes to the Unaudited Interim Condensed Consolidated Financial Statements.

2GO GROUP, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(With Comparative Figures for the Three Months Ended March 31, 2018)
(Amounts in Thousands)

		Three Months Ended March 31	
		2019	2018
	Note	**(Unaudited)**	(As re-presented)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax		**(₱270,300)**	₱72,306
Adjustments for:			
Depreciation and amortization of property and equipment and software	*11, 14*	**490,791**	499,578
Financing charges	*24*	**95,484**	87,694
Equity in net losses (earnings) of associates and joint ventures	*12*	**14,724**	(2,482)
Interest income	*24*	**(2,580)**	(1,672)
Gains on disposal of property and equipment	*24*	**(8,464)**	(5,610)
Unrealized foreign exchange losses		**(18)**	172
Gain on divestment of a subsidiary	*24*	–	(7,101)
Provision for doubtful accounts/ECL, asset write-down, cargo losses and damages and inventory obsolescence, net of any reversal		**20,277**	17,821
Retirement benefit cost	*26*	**20,398**	23,400
Operating cash flows before working capital changes		**360,312**	684,106
Decrease (increase) in:			
Trade and other receivables		**168,917**	711,432
Inventories		**(102,484)**	(12,864)
Other current assets		**(190,043)**	32,075
Decrease in trade and other payables and other noncurrent liabilities		**(141,840)**	(263,811)
Cash generated from operations		**94,862**	1,150,938
Contribution for retirement fund		**(8,458)**	(6,211)
Interest received		**2,580**	(3,614)
Income taxes paid		**(4,188)**	–
Increase in creditable withholding taxes		**(69,411)**	(92,940)
Net cash flows generated from operating activities		**15,385**	1,048,173

(Forward)

.

		Three Months Ended March 31	
		2019	2018
	Note	**(Unaudited)**	(As re-presented)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property and equipment	*11*	**(₱166,591)**	(₱256,831)
Software	*14*	**–**	(564)
Proceeds from:			
Sale/disposal of property and equipment	*11*	**8,802**	6,821
Divestment of a subsidiary	*14*	**–**	15,000
Increase in other noncurrent assets		**1,126**	(19,700)
Net cash flows used in investing activities		**(156,663)**	(255,274)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term notes payable	*32*	**2,060,000**	1,422,700
Payments of:			
Short-term notes payable	*32*	**(1,830,000)**	(1,056,100)
Long-term debt	*32*	**(26,210)**	(1,045,793)
Obligations under finance lease	*32*	**(20,027)**	(12,134)
Interest and financing charges	*24*	**(54,289)**	(84,996)
Net cash flows provided by (used in) financing activities		**129,474**	(776,323)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**18**	451
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(11,786)**	17,027
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		**1,415,411**	2,181,243
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	*7*	**₱1,403,625**	₱2,198,270

See Notes to the Unaudited Interim Condensed Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Thousands, Except Number of Shares, Earnings per Share, Exchange Rate Data and When Otherwise Indicated)

1. Corporate Information and Approval of the Consolidated Financial Statements

2GO Group, Inc. (2GO or the Company) was incorporated in the Philippines on May 26, 1949. The Company's registered office address is 8th Floor Tower 1, Double Dragon Plaza, EDSA Extension corner Macapagal Avenue, Pasay City, Metro Manila.

2GO and its subsidiaries (collectively referred to as the Group) provide shipping, logistics and distribution services to small and medium enterprises, large corporations, and government agencies throughout the Philippines. The shipping group operates ocean-going freighters, roll-on/roll-off freight and passenger vessels, and fast ferry passenger vessels. The logistics group offers transportation, warehousing and distribution, cold chain solutions, domestic and international ocean and air forwarding services, customs brokerage, project logistics, and express and last mile package and e-commerce delivery. The distribution group leverages 2GO's shipping and logistics services to provide value-added distribution services to principals and customers.

2GO's shares of stock are publicly traded in the Philippine Stock Exchange (PSE). As at March 31, 2019 and December 31, 2018, the Company is 88.3%-owned subsidiary of Negros Navigation Co., Inc. ("NN" or the "Parent Company"). As at March 31, 2019 and December 31, 2018, NN is 39.85% owned, by KGLI-NM Holdings, Inc. (KGLI-NM). The ultimate parent of KGLI-NM is Udenna Corporation (Udenna). KGLI-NM and Udenna are both incorporated and domiciled in the Philippines.

On February 23, 2018, the Board of Directors (BOD) approved the internal restructuring of the Group via merger of 2GO with its parent company NN, with 2GO as the surviving entity. This will simplify the Group's corporate structure and is in line with the Group's efforts to streamline operations, reduce costs and increase shareholder value. The merger of NN and 2GO became effective January 1, 2019, pursuant to the Articles of Merger approved by the Philippines Securities and Exchange Commission.

As a result of the merger, the comparative balances have been re-presented as if the merger was in effect as at January 1, 2018 (see Note 33). The accompanying unaudited interim condensed consolidated financial statements as at and for the three months ended March 31, 2019, with comparative figures for the three months ended March 31, 2018 and as at December 31, 2018, were approved and authorized for issue by the BOD on May 9, 2019.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for quoted financial asset investments which are measured at fair value through other comprehensive income. The consolidated financial statements are presented in Philippine peso (Peso), which is the Group's functional and presentation currency. All values are presented to the nearest thousands, except when otherwise indicated.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures that are normally required in presenting the annual audited financial statements and as such should be read in conjunction with the Group's available audited annual consolidated financial statements as at and for the year ended December 31, 2018.

Statement of Compliance
The unaudited interim condensed consolidated financial statements of the Group are prepared in accordance with PAS 34, *Interim Financial Reporting.*

3. **Significant Accounting Policies**

Accounting policies have been applied consistently to all periods presented in the unaudited interim condensed consolidated financial statements, except for the changes in accounting policies explained below.

Adoption of New or Revised Standards, Amendments to Standards and Interpretations
The Group has adopted the following amendments to standards starting January 1, 2019. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Group's consolidated financial statements.

Effective January 1, 2019

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

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

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

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

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

  PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17. Early application is permitted, but not before an entity applies PFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Group is currently assessing the financial impact of that the adoption of the new standard. Upon adoption, the Group expects the following:

a. Assets and liabilities will increase because of the capitalization of the right of use asset from operating lease agreements; and
b. Rental expense will decrease while depreciation and interest expense will increase.

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

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

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

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

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

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

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

  The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

  - Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event

  - Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

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

  The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests. The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.

  The amendments should be applied retrospectively and are effective from January 1, 2019, with early application permitted. Since the Group does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its consolidated financial statements.

- *Annual Improvements to PFRSs* 2015-2017 Cycle

  - Amendments to PFRS 3, *Business Combinations,* and PFRS 11, *Joint Arrangements*, *Previously Held Interest in a Joint Operation*

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

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

    An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

- Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

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

  An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. These amendments are not relevant to the Group because dividends declared by the Group do not give rise to tax obligations under the current tax laws.

- Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

  The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

  An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

  Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements upon adoption.

<u>Standards Issued But Not Yet Adopted</u>

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2019. The Group has not applied the following new or amended standards in preparing these unaudited interim condensed consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's unaudited interim condensed consolidated financial statements.

The Group will adopt the following new or revised standards, amendments to standards and interpretations on the respective effective dates, as applicable:

Effective beginning on or after January 1, 2020

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

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

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

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

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

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

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*

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

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Events after the Reporting Period* and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

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

Basis of Consolidation

The unaudited interim condensed consolidated financial statements include the accounts of 2GO and the subsidiaries listed below.

		Percentage of Ownership	
	Nature of Business	**March 2019**	March 2018
The Supercat Fast Ferry Corporation (SFFC)	Transporting passengers	**100.0**	100.0
Special Container and Value Added Services, Inc. (SCVASI)	Transportation/logistics	**100.0**	100.0
2GO Express, Inc. (2GO Express)	Transportation/logistics	**100.0**	100.0
2GO Logistics, Inc. (2GO Logistics)	Transportation/logistics	**100.0**	100.0
Scanasia Overseas, Inc. (SOI)	Sales of goods	**100.0**	100.0
Hapag-Lloyd Philippines, Inc. (HLP) (6)	Transportation/logistics	**100.0**	100.0
WRR Trucking Corporation (WTC)	Transportation	**100.0**	100.0
NN-ATS Logistics Management and Holdings Co., Inc. (NALMHCI)	Holding and logistics management	**100.0**	100.0
J&A Services Corporation (JASC) (6)	Vessel support services	**100.0**	100.0
Red.Dot Corporation (RDC) (5)	Manpower services	–	100.0
Supersail Services, Inc. (SSI) (5)	Vessel support services	–	100.0
Astir Engineering Works, Inc. (AEWI) (6)	Engineering services	**100.0**	100.0
WG&A Supercommerce, Incorporated (WSI) (1)	Vessels' hotel management	**100.0**	100.0
North Harbor Tugs Corporation (NHTC)	Tugboat assistance	**58.9**	58.9
Negrense Marine Integrated Services, Inc. NMISI (5)	Hotel and allied services	–	100.0
Super Terminals, Inc. (STI) (2) (3)	Passenger terminal operator	**50.0**	50.0
2GO Rush Delivery, Inc. (RUSH)(4)	Transportation/logistics	**100.0**	100.0
Brisk Nautilus Dock Integrated Services, Inc. (BNDISI) (7)	Freight and related services	**100.0**	100.0
Sea Merchants, Inc. (SMI) (7)	Hotel and allied services	**100.0**	100.0
Bluemarine, Inc. (BMI) (7)	Housekeeping and allied services	**100.0**	100.0

[1]*Ceased commercial operations in February 2006*
[2]*Ceased commercial operations in 2017*
[3]*NALMHCI has control over STI since it has the power to cast the majority of votes at the BOD's meeting and the power to govern the financial and reporting policies of STI. Dormant company.*
[4]*Incorporated in December 2016 but has not yet started business operations*
[5]*Subsidiaries sold in 2018*
[6]*Ceased commercial operations on December 31, 2018*
[7]*Dormant companies*

The unaudited interim condensed consolidated financial statements are prepared using the uniform accounting policies for like transactions and other events in similar circumstances. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognized in assets, liabilities and equities are eliminated in full on consolidation.

4. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the unaudited interim condensed consolidated financial statements in compliance with PFRSs requires management to make judgments, accounting estimates and assumptions that affect the amounts reported in the unaudited interim condensed consolidated financial statements and accompanying notes. These judgments, estimates and assumptions are based on management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

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

Revenue from contracts with customers
The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining the timing of satisfaction of performance obligation
Shipping and logistics and other services
The Group assessed that performance obligation for shipping and logistics and other services are rendered to the customers over time. As a result, the Group the revenue is recognized based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgement.

Sale of goods
The Group assessed that performance obligation for sale of goods are satisfied at a point in time. The Group uses its judgement on when a customer obtains control of the promised goods. The Group has assessed that the actual delivery of the goods to the customer is the point in time when the performance obligation has been satisfied.

Determining whether the Group is acting as principal or an agent
The Group assesses its revenue arrangements against the following criteria to determine whether it is acting as a principal or an agent:
- whether the Group has primary responsibility for providing the services;
- whether the Group has inventory risk;
- whether the Group has discretion in establishing prices; and
- whether the Group bears the credit risk.

If the Group has determined it is acting as a principal, the Group recognizes revenue on a gross basis with the amount remitted to the other party being accounted as part of costs and expenses. If the Group has determined it is acting as an agent, only the net amount retained is recognized as revenue.

The Group assessed its revenue arrangements and concluded that it is acting as principal in all arrangements.

Classification of Leases - the Group as a Lessee
The Group has entered into commercial property leases on its distribution warehouses, sales outlets, trucking facilities and administrative office locations. Management has determined that all the significant risks and benefits of ownership of these properties remain with the lessor and thus, accounts for these leases as operating leases.

The Group has also entered into finance lease agreements covering certain property and equipment. The Group has determined that it bears substantially all the risks and benefits incidental to ownership of said properties based on the terms of the contracts (such as existence of bargain purchase option and the present value of minimum lease payments amount to at least substantially all of the fair value of the leased asset). Refer to Note 18.

Classification of Leases - the Group as a Lessor
The Group has entered into short-term leases or chartering arrangements, which provide no transfer of ownership to the lessee. The Group has determined that, based on an evaluation of the terms and conditions of the arrangements, it retains all the significant risks and rewards of ownership of these equipment and accounts for these as operating leases.

Evaluation of Events after the Reporting Period
Management exercises judgment in determining whether an event, favorable or unfavorable, occurring between the end of reporting period and the date when the consolidated financial statements are authorized for issue, is an adjusting event or nonadjusting event. Adjusting events provide evidence of conditions that existed at the end of the reporting period whereas nonadjusting events are events that are indicative of conditions that arose after the reporting period. Management evaluated that there are no significant adjusting or nonadjusting events after the reporting period.

Estimates and Assumptions
The following are the key assumptions concerning the future and other key sources of estimation uncertainty, at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Provision for ECL of trade receivables and contract assets
The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Refer to Note 8.

Determination of NRV of Inventories
The Group's estimates of the NRV of inventories are based on the most reliable evidence available at the time the estimates are made, of the amount that the inventories are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the reporting period. A new assessment is made of NRV in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is a clear evidence of an increase in NRV because of change in economic circumstances, the amount of the write-down is

reversed so that the new carrying amount is the lower of the cost and the revised NRV. In estimating the allowance for inventory obsolescence, the Group also considers the physical condition of inventory stocks and expiration dates of inventories. Management estimates the provisioning rates to be applied to the age brackets of expiring inventories based on the Group's historical expiration experience. Refer to Note 9.

Estimation of Probable Losses on Creditable Withholding Taxes (CWTs) and Input Value Added Tax (VAT)
The Group makes an estimate of the provision for probable losses on its CWTs and input VAT. Management's assessment is based on historical experience and other developments that indicate that the carrying value may no longer be recoverable. As of March 31, 2019, and December 31, 2018, the Group assessed that the aggregate carrying values of CWTs, input VAT and deferred input VAT are fully recoverable. Refer to Notes 10 and 14.

Estimation of Useful Lives of Property and Equipment
The useful life of each of the Group's items of property and equipment is estimated based on the period over which the asset is expected to be available for use until it is derecognized. Such estimation is based on a collective assessment of similar businesses, internal technical evaluation and experience with similar assets. Specifically, in evaluating the useful lives of the vessels and related assets, management takes into account the intended life of the vessel fleet being operated, the estimate of the economic life from the date purchased or manufactured, development in the domestic shipping regulations, the fleet deployment plans including the timing of fleet replacements, the changes in technology, as well as the repairs and maintenance program, among others.

The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment would increase the recorded depreciation expenses and decrease the carrying value of property and equipment Refer to Note 12.

Assessment of Impairment and Estimation of Recoverable Amount of Property and equipment and Investments in associates and joint ventures
The Group assesses at the end of each reporting period whether there is any indication that the nonfinancial assets listed below may be impaired. If such indication exists, the entity shall estimate the recoverable amount of the asset, which is the higher of an asset's fair value less costs to sell and its VIU. In determining fair value less costs to sell, an appropriate valuation model is used, which can be based on quoted prices or other available fair value indicators. In estimating the VIU, the Group is required to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those cash flows.

Determining the recoverable amounts of the nonfinancial assets, which involves the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the use of estimates and assumptions that can materially affect the consolidated financial statements. Future events could indicate that these nonfinancial assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations of the Group.

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

Assets that are subject to impairment testing when impairment indicators are present (such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenues or other external indicators) are as follows:

	March 31, 2019 (Unaudited)	December 31, 2018 (As re-presented)
	(In Thousands)	
Property and equipment	**₱7,019,581**	₱7,211,433
Investments in associates and joint ventures	**310,918**	325,642

As at March 31, 2019 and December 31, 2018, management evaluated the recoverable amount of the property and equipment based on its value in use. No impairment loss was recognized on the Group's property and equipment as the recoverable amount of the assets are higher than their carrying values.

Management determined that there are no impairment indicators on its investments in associates and joint ventures since the associates and joint ventures have profitable operations.

Impairment of Goodwill
The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the VIU of the CGUs to which the goodwill is allocated. Estimating the VIU requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The significant assumptions used in estimating the recoverable amount of the CGU are described in Note 13.

Estimation of Retirement Benefits Costs and Obligation
The determination of the obligation and cost for pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions were described in Note 13 and include, among others, discount rate and future salary increase. While it is believed that the Group's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's pension and other retirement obligations.

The discount is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. Refer to Note 13.

Recognition of Deferred Income Tax Assets
The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred income tax assets on deductible temporary differences and carryforward benefits of excess MCIT and NOLCO is based on the projected taxable income in future periods. Based on the projection, not all deductible temporary differences and carryforward benefits of excess MCIT and NOLCO will be realized. Consequently, only a portion of the Group's deferred income tax assets was recognized Refer to Note 27.

Estimation of Provisions for Contingencies
The Group is involved in certain legal and administrative proceedings arising from the ordinary course of business. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates. These estimates are based on consultations with independent outside parties, historical experience and other available data. The Group does not believe that these proceedings will have a material adverse effect on its financial position and performance. It is possible, however, that significant differences in actual experience or assumption may materially affect the recorded provision. The inherent uncertainty over the outcome of these legal proceedings and other claims is brought about by the difference in the interpretation and implementation of the relevant laws and regulations. Refer to Note 19.

5. Revenue from Contracts with Customers

Disaggregated revenue information
The disaggregation of the Group's revenue from contracts with customers is presented in the consolidated statement of profit or loss and disclosed in the operating segment information.

Performance obligations and timing of revenue recognition
The Group's performance obligations are summarized below.

- Shipping and logistics and other services: performance obligations are generally satisfied over time once the delivery services are completed.

- Sale of goods: performance obligation is generally satisfied upon delivery of the goods to the customers which is the point in time where the control has been transferred to the customer.

6. Operating Segment Information

The Group has identified two reportable operating segments as follows:

- The shipping segment provides ocean-going transportation of passengers, rolling cargo, and freight cargo.
- The nonshipping segment provides logistics, sale of goods, supply chain management and other services.

The BOD monitors the operating results of its two operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with the operating profit or loss in the consolidated financial statements.

Segment revenue includes revenue from services between operating segments. Such revenue and related costs are fully eliminated in the consolidation. Further, there were no revenue transactions with a single customer that accounts for 10.0% or more of total revenues.

Revenues, expenses, results of operations, assets, liabilities and other information about the business segments are as follows:

	For the Three Months Ended March 31, 2019 (Unaudited)			
	Shipping	**Non Shipping**	**Eliminations/ Adjustments**	**Consolidated Balance**
		(In Thousands)		
External customer	**₱2,470,134**	**₱3,415,547**	**₱–**	**₱5,885,681**
Intersegment revenue	**240,389**	**23,114**	**(263,503)**	**–**
Revenues	**₱2,710,523**	**₱3,438,661**	**(₱263,503)**	**₱5,885,681**
Loss before income tax	**(₱204,360)**	**(₱65,940)**	**₱–**	**(₱270,300)**
Provision for income tax	**(2,600)**	**(17,837)**	**–**	**(20,437)**
Segment Loss	**(₱206,960)**	**₱(83,777)**	**₱–**	**(₱290,737)**
Other Information:				
Capital expenditures	**₱276,117**	**₱22,539**	**₱–**	**₱298,656**
Depreciation and amortization	**439,866**	**50,925**	**–**	**490,791**
Cargo losses and inventory damages	**858**	**14,306**	**–**	**15,164**
Equity in net earnings (losses) of associates and joint ventures	**(13,844)**	**(880)**	**–**	**(14,724)**

	As of March 31, 2019 (Unaudited)			
	Shipping	**Non Shipping**	**Eliminations/ Adjustments**	**Consolidated Balance**
		(In Thousands)		
Assets	**₱12,835,416**	**₱6,870,686**	**(₱3,028,933)**	**₱16,677,169**
Liabilities	**₱3,262,061**	**₱7,443,831**	**₱1,724,872**	**₱12,430,764**

	For the Three Months Ended March 31, 2018 (As re-presented)			
	Shipping	Non Shipping	Eliminations/ Adjustments	Consolidated Balance
		(In Thousands)		
External customer	₱1,907,286	₱3,393,994	₱–	₱5,301,280
Intersegment revenue	194,654	203,779	(398,433)	–
Revenues	₱2,101,940	₱3,597,773	(₱398,433)	₱5,301,280
Income (loss) before income tax	(₱13,516)	₱96,865	(₱11,043)	₱72,306
Provision for income tax	(7,620)	(26,249)	–	(33,869)
Segment Profit	(₱21,136)	₱70,616	(₱11,043)	₱38,437
Other Information:				
Capital expenditures	₱251,643	₱34,914	₱–	₱286,557
Depreciation and amortization	454,458	45,120	–	499,578
Provision for doubtful accounts	–	11,707	–	11,707
Cargo losses and inventory damages	1,017	7,718	–	8,735
Dividend income	–	(5,000)	5,000	–
Equity in net earnings (losses) of associates and joint ventures	(4,242)	6,724	–	2,482

	As of December 31, 2018 (As re-presented)			
	Shipping	Non Shipping	Eliminations/ Adjustments	Consolidated Balance
		(In Thousands)		
Assets	₱18,005,433	₱6,577,888	(₱7,847,780)	₱16,735,541
Liabilities	₱8,019,363	₱6,868,974	(₱2,689,510)	₱12,198,827

7. Cash and Cash Equivalents

This account consists of:

	March 31, 2019 (Unaudited)	December 31, 2018 (As re-presented)
	(In Thousands)	
Cash on hand and in banks	**₱1,232,910**	₱1,132,460
Cash equivalents	**170,715**	282,951
	₱1,403,625	₱1,415,411

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are placements for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at prevailing market rates.

Interest income earned by the Group from cash in banks and cash equivalents amounted to ₱2.6 million and ₱1.7 million for the three months ended March 31, 2019 and 2018, respectively (see Note 24).

8. Trade and Other Receivables

This account consists of:

	Note	**March 31, 2019 (Unaudited)**	December 31, 2018 (As re-presented)
		(In Thousands)	
Trade		**₱3,615,510**	₱3,633,907
Contract assets		**241,321**	442,956
Nontrade		**1,323,367**	1,351,990
Due from related parties	*20*	**77,824**	89,955
Advances to officers and employees		**37,535**	21,953
		5,295,557	5,540,761
Less allowance for:			
ECL		**1,270,063**	1,349,247
		₱4,025,494	₱4,191,514

a. Trade receivables are noninterest-bearing and are generally on 30 to 60 days terms.

b. Contract assets include unbilled receivables which represent amounts recognized as revenue for which the invoices have not yet been issued to the customers.

c. Nontrade receivables include advances to principals, suppliers and contractors, passage bonds, receivable from trustee fund and insurance from other claims. These receivables are noninterest-bearing and collectible on demand.

d. The following tables set out the rollforward of the allowance for ECL as of March 31, 2019 and December 31, 2018:

	Note	**March 31, 2019 (Unaudited)** Trade	Nontrade	Total
			(In Thousands)	
Beginning		**₱840,657**	**₱508,589**	**₱1,349,247**
Write-off		**(2,754)**	**(76,429)**	**(79,184)**
Ending		**₱837,903**	**₱432,160**	**₱1,270,063**

	Note	December 31, 2018 (As re-presented) Trade	Nontrade	Total
			(In Thousands)	
Beginning		₱881,339	₱555,363	₱1,436,702
Effect of adoption of new standard	*2*	22,326	4,081	26,407
Beginning, as adjusted		903,665	559,444	1,463,109
Provision (Recovery)		(22,730)	(40,650)	(63,380)
Write-off/other adjustment		(19,842)	(9,888)	(29,730)
Effect of divestment of subsidiaries		(20,436)	(316)	(20,752)
Ending		₱840,657	₱508,590	₱1,349,247

The Group has not provided allowance for ECL on amounts due from related parties and advances to officers and employees as of March 31, 2019 and December 31, 2018.

9. Inventories

This account consists of:

	March 31, 2019 (Unaudited)	December 31, 2018 (As re-presented)
	(In Thousands)	
Trading goods	**₱574,570**	₱441,776
Fuel, oil and lubricants	**119,084**	159,160
Materials, parts and supplies	**16,763**	27,274
	₱710,417	₱628,210

The allowance for inventory obsolescence amounted to ₱106.4 million and ₱103.8 million as at March 31, 2019 and December 31, 2018, respectively.

10. Other Current Assets

This account consists of:

	Note	**March 31, 2019 (Unaudited)**	December 31, 2018 (As re-presented)
		(In Thousands)	
CWTs		**₱1,516,289**	₱1,458,121
Input VAT		**235,998**	186,589
Prepaid expenses and others		**223,182**	87,588
Refundable deposits - current portion	*14*	**63,371**	62,614
		2,038,840	1,794,912
Less: Allowance for impairment losses		**(23,336)**	(23,780)
		₱2,015,504	₱1,771,132

a. CWTs represent creditable tax certificates which can be applied against any related income tax liability of a company in the Group to which the CWTs relate.

b. Prepaid expenses and others include prepaid rent, insurance and taxes.

11. **Property and Equipment**

	March 31, 2019 (Unaudited)										
	Vessels in Operations	Containers and Reefer Vans	Terminal and Handling Equipment	Furniture and Other Equipment	Land Improvements	Buildings and Warehouses	Transportation Equipment	Spare parts and Service Equipment	Leasehold Improvements	Construction-In-Progress	Total
						(In Thousands)					
Cost											
January 1, 2019	₱13,365,736	₱2,518,440	₱556,177	₱720,869	₱483,510	₱479,024	₱656,330	₱460,276	₱670,483	₱115,119	₱20,025,964
Additions	198,093	20,469	59,591	12,406	–	28	–	3,631	4,438	–	298,656
Disposals/retirements	(22,722)	(10,533)	–	(44,072)	(108)	–	–	–	(2,710)	–	(80,145)
	13,541,107	2,528,376	615,768	689,203	483,402	479,052	656,330	463,907	672,211	115,119	20,244,475
Accumulated Depreciation and Amortization											
January 1, 2019	8,461,433	1,846,591	269,816	605,339	156,719	350,590	545,695	139,365	438,983	–	12,814,531
Depreciation and amortization	394,382	30,572	18,423	11,649	1,314	1,920	11,777	7,930	9,306	–	487,273
Disposals/retirements	(22,722)	(10,533)		(34,842)			(1,830)		(6,983)	–	(76,910)
	8,833,093	1,866,630	288,239	582,146	158,033	352,510	555,642	147,295	441,306	–	13,224,894
Net carrying amounts	₱4,708,014	₱661,746	₱327,529	₱107,057	₱325,369	₱126,542	₱100,688	₱316,612	₱230,905	₱115,119	₱7,019,581

	December 31, 2018 (As re-presented)										
	Vessels in Operations	Containers and Reefer Vans	Terminal and Handling Equipment	Furniture and Other Equipment	Land Improvements	Buildings and Warehouses	Transportation Equipment	Spare parts and Service Equipment	Leasehold Improvements	Construction-In-Progress	Total
						(In Thousands)					
Cost											
January 1, 2018	₱12,452,599	₱2,501,757	₱1,604,230	₱1,017,726	₱489,864	₱520,543	₱701,128	₱445,210	₱703,073	₱71,207	₱20,507,337
Additions	944,285	145,527	65,728	83,416	–	3,489	84,008	15,066	150,295	43,912	1,535,726
Disposals/retirements	(31,029)	(128,519)	(1,111,953)	(352,903)	(6,354)	(38,452)	(61,088)	–	(176,422)	–	(1,906,720)
Assets of divested subsidiaries	–	–	(1,339)	(27,929)	–	(6,556)	(67,718)	–	(6,306)	–	(109,848)
Reclassifications/adjustments	(119)	(325)	(489)	559	–	–	–	–	(157)	–	(531)
	13,365,736	2,518,440	556,177	720,869	483,510	479,024	656,330	460,276	670,483	115,119	20,025,964
Accumulated Depreciation and Amortization											
January 1, 2018	6,718,696	1,855,847	1,299,642	922,599	152,823	369,550	612,413	112,133	564,672	–	12,608,375
Depreciation and amortization	1,771,713	119,019	60,972	58,134	7,125	24,270	58,898	27,232	52,863	–	2,180,226
Disposals/retirements	(28,959)	(128,275)	(1,089,079)	(350,746)	(3,229)	(38,452)	(62,045)	–	(173,372)	–	(1,874,157)
Transferred assets from sale of subsidiaries	–	–	(1,339)	(25,196)	–	(4,778)	(63,571)	–	(5,031)	–	(99,915)
Reclassifications/adjustments	(17)	–	(380)	548	–	–	–	–	(149)	–	2
	8,461,433	1,846,591	269,816	605,339	156,719	350,590	545,695	139,365	438,983	–	12,814,531
Net carrying amounts	₱4,904,303	₱671,849	₱286,361	₱115,530	₱326,791	₱128,434	₱110,635	₱320,911	₱231,500	₱115,119	₱7,211,433

Noncash Additions - Property and Equipment under Finance Lease
Containers, reefer vans, isotanks, cargo handling equipment and transportation equipment include units acquired under finance lease arrangements (see Note 18).

Unpaid acquisition costs of property and equipment amounted to ₱132.1 million and ₱86.0 million as of March 31, 2019 and December 31, 2018, respectively.

Residual Value of Vessels
The Group reviews the residual value of the vessels periodically to ensure that the amount is consistent with the future economic benefits embodied in these vessels at the point of disposal. The residual value for vessels is based on the lightweight and the market price of scrap metals.

Management determined that the changes in the market scrap rates of metals during the period did not result to changes in the residual value of vessels.

Capitalization of Drydocking Costs
Vessels in operations also include capitalized drydocking costs incurred amounting to ₱146.7 million and ₱151.6 million for the three months ended March 31, 2019 and 2018, respectively. The related depreciable life of drydocking costs ranges from two years to two-and-a-half years.

Sale and Disposal of Property and Equipment
The Group disposed certain property and equipment for consideration of ₱8.8 million and ₱6.8 million for the three months ended March 31, 2019 and 2018, respectively.

Depreciation and Amortization
Depreciation and amortization were recognized and presented in the following accounts in the consolidated statement of profit or loss:

		Three Months Ended March 31	
	Note	**2019** (Unaudited)	2018 (As re-presented)
		(In Thousands)	
Cost of services and goods sold	*22*	**₱475,926**	₱483,971
General and administrative expense	*23*	**11,347**	12,996
		₱487,273	₱496,967

Property and Equipment Held as Collateral
The Group's vessels in operations with total carrying value of ₱937.9 and ₱998.6 million as at March 31, 2019 and December 31, 2018, respectively are mortgaged to secure certain obligations (see Note 17). Containers and other equipment held as collateral for finance leases as at March 31, 2019 and December 31, 2018 amounted to ₱244.0 million and ₱261.2 million, respectively (see Note 18).

12. Investments in Associates and Joint Ventures

Details of investments in associates and joint ventures are as follows:

	Note	**March 31, 2019 (Unaudited)**	December 31, 2018 (As re-presented)
		(In Thousands)	
Acquisition - cost			
Balances at beginning of year		**₱177,443**	₱133,827
Disposal		**–**	(6,384)
Acquisition during the year		**–**	50,000
Balances at the end of the year		**177,443**	177,443
Accumulated equity in net earnings:			
Balances at beginning of year		**142,923**	152,969
Disposal		**–**	(10,012)
Equity in net losses during the year		**(14,724)**	(34)
Balances at end of year		**128,199**	142,923
Share in remeasurement gain on retirement benefits of associates and joint ventures		**5,923**	5,923
Share in cumulative translation adjustment of associates		**(647)**	(647)
		₱310,918	₱325,642

13. Goodwill

Impairment Testing of Goodwill
On December 28, 2010, NN acquired 93.2% ownership interest in 2GO by paying cash to the majority shareholders of 2GO. The resulting goodwill from 2GO's acquisition amounting to ₱687 million, net of impairment amounting to ₱161 million, has been attributed to each of 2GO's CGUs. The recoverable amounts of the CGUs were determined based on VIU calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period.

The Group reviews goodwill for impairment annually at December 31 or when indicators of impairment arise. The group determined there was no goodwill impairment at March 31, 2019 and December 31, 2018.

14. Other Noncurrent Assets

	March 31, 2019 (Unaudited)	December 31, 2018 (As re-presented)
	(In Thousands)	
Deferred input VAT	**₱223,884**	₱230,722
Refundable deposits - net of current portion	**112,492**	112,158
Software	**48,726**	43,138
Investment property	**49,790**	49,790
	₱434,892	₱435,808

a. Deferred input VAT relates primarily to the major capital expenditures and drydocking of vessels.

b. Refundable deposits consist of amounts paid for rental deposits which can be applied as rental payment at the end of the lease term or can be collected in cash upon termination of the lease.

c. Net additions to software amounted to ₱10.0 million and ₱0.6 million for the three months ended Mach 31, 2019 and 2018, respectively. The Group recognized amortization of software amounting to ₱3.5 million and ₱2.5 million for the three months ended March 31, 2019 and 2018, respectively.

d. The Group's investment property pertains to a parcel of land not currently being used in operations. The fair value of the investment property based on the latest appraisal report dated January 12, 2018 amounted to ₱74.6 million. This was determined based on the valuation performed by independent appraisers using the Market Data Approach.

   The Group assessed that the fair value determination for the investment property was Level 3 since significant unobservable inputs were used in the valuation. Significant changes to the estimated price per square meter in isolation would result in a significantly higher or lower fair value. Management assessed that there were no significant changes on the fair value of investment property as at March 31, 2019.

   For the three months ended March 31, 2019 and 2018, there were no income and expenses arising from the Group's investment property.

15. Short-term Notes Payable

Short-term notes payable represents unsecured short-term peso-denominated notes payable obtained by the Group from local banks with annual interest rates ranging from 5.0% to 8.5%.

Total interest expense incurred by the Group for the short-term notes payable amounted to ₱34.3 million and ₱29.8 million for the three months ended March 31, 2019 and 2018, respectively (see Note 24).

16. Trade and Other Payables

	Note	**March 31, 2019 (Unaudited)**	December 31, 2018 (As re-presented)
		(In Thousands)	
Trade payables		**₱3,055,519**	₱2,896,997
Accrued expenses		**1,889,517**	2,042,463
Nontrade payables		**804,046**	789,104
Contract liabilities		**15,386**	42,326
Other payables	*19*	**148,392**	110,514
		₱5,912,860	₱5,881,404

a. Trade and other payables are noninterest-bearing and normally have 30 to 45 days terms. Trade payables from related parties are payable on demand.

b. Accrued expenses pertain to various expenses which were already incurred but no invoice has been received at the end of the financial reporting period.

c. Nontrade payables consists of customers' deposits, advances from principals and contractors, payables due to government agencies and others.

d. Contract liabilities include advance payments received for services to be rendered.

e. Other payables include:

- Provision for cargo losses and damages for the cost of claims for breakages, cargo losses, cargo short weight or passenger claims which are not covered by insurance. Provisions recognized amounted to ₱15.2 million and ₱2.6 million for the three months ended March 31, 2019 and 2018, respectively. (see Note 22).

- Provision for contingencies amounted to ₱47.0 million and ₱67.5 million as at March 31, 2019 and December 31, 2018, respectively (see Note 19).

17. **Long-term Debt**

Long-term debt consists of:

	Note	**March 31, 2019 (Unaudited)**	December 31, 2018 (As re-presented)
		(In Thousands)	
Banco de Oro Unibank, Inc. (BDO)	*20*	**₱2,500,000**	₱2,500,000
United Coconut Planters Bank (UCPB)		**357,143**	375,000
Development Bank of the Philippines (DBP)		**349,444**	356,297
Asia United Bank (AUB)		**6,000**	7,500
Unamortized debt arrangement fees		**(15,347)**	(16,284)
		3,197,240	3,222,513
Current portion		**(115,841)**	(106,336)
Noncurrent portion		**₱3,081,399**	₱3,116,177

BDO

BDO Omnibus Loan and Security Agreement

On June 11, 2013, the Company (as Borrower and Assignor), BDO (as Lender), NN, SOI, 2GO Express, 2GO Logistics (as Sureties and Assignors), and SFFC (as Assignor), executed an Omnibus Loan and Security Agreement ("OLSA"). Under the OLSA, the Company availed of a ₱3.6 billion term loan (i) to refinance the Company's existing loans and (ii) to fund various capital expenditures such as drydocking and major repairs of vessels, capital expenditures related to the supply chain business, and other general corporate requirements. Interest is fixed for fifty percent (50.0%) of the principal amount, while the remaining fifty percent (50.0%) has a quarterly floating annual interest rate, provided, such floating interest rate shall have a minimum of 5.0% per annum. The principal of the term loan is subject to thirteen (13) quarterly amortizations which commenced in June 2015 through June 2018.

The OLSA is secured by certain vessels, real properties, and trade receivables. The loan was repaid in full in April 2018.

BDO Term Loan Facility
On April 10, 2018, 2GO entered into a five-year ₱3.5 billion term loan facility agreement with BDO to refinance the outstanding balance from the OLSA and to fund various capital expenditures and other general requirements. The loan allows multiple draw downs within one year from the date the agreement was signed. The principal is due upon maturity at the end of five years, while interest is payable quarterly based on the prevailing interest rates. In April 2018, 2GO borrowed ₱2.5 billion from the facility which is payable in April 2023. Interest rate is at 6.2%.

The facility is secured by a cross suretyship among 2GO, 2GO Express, 2GO Logistics, SOI, SFFC, SCVASI and HLP.

In accordance with the term loan facility agreement, 2GO is required to maintain a debt to equity ratio not exceeding 2.5:1 based on the latest audited annual consolidated financial statements of 2GO.

<u>UCPB</u>
On March 14, 2017, 2GO availed of a ₱500.0 million term loan from UCPB payable in twenty-eight (28) quarterly amortizations through March 14, 2024. Interest is fixed at 7.03% in the first year. The succeeding interest rates shall be based on the prevailing market rate of 5-year PDST-R2 plus 2.5%, subject to review and repricing at the option of UCPB. The loan is guaranteed by 2GO through a continuing suretyship agreement with UCPB.

In accordance with the UCPB term loan agreement, 2GO is required to maintain a debt service coverage ratio of at least 1.5:1 and debt to equity ratio not exceeding 2.2:1 based on the latest audited annual financial statements of 2GO.

The loan is secured by certain vessel of 2GO with net book value of ₱498.4 million and ₱555.4 million as at March 31, 2019 and December 31, 2018, respectively.

<u>DBP</u>
On May 20, 2016, SFFC obtained a long-term loan facility from DBP of ₱370.0 million at 6.5% interest payable up to fifteen (15) years to finance the construction of the two (2) vessels (see Note 12). The principal of the loan is payable in fifty-three (53) equal quarterly amortizations which commenced on August 28, 2018 through November 28, 2031.

In accordance with the loan agreement, SFFC is required to maintain debt-to-equity ratio of 2.3:1 and maintain debt service coverage ratio of 2:1 at each testing date. Should SFFC fail to meet the required financial ratios, the parties should use the consolidated financial statements of 2GO as the basis for determining the said ratios.

The loan is secured by certain vessels of SFFC with net book value of ₱439.4 million and ₱443.2 million as at March 31, 2019 and December 31, 2018, respectively.

Borrowing Costs and Debt Transaction Costs
Interests from long-term borrowings of the Group recognized as expense totaled ₱50.4 million, ₱45.7 million for the 3 months ended March 31, 2019 and 2018, respectively (see Note 24).

In 2018, the Group paid ₱18.8 million debt transaction cost as a result of the loan availment under the BDO facility. Amortization of debt transaction costs included under financing charges amounted to ₱0.9 million and ₱2.6 million for the 3 months ended March 31, 2019 and 2018 respectively (see Note 24).

Compliance with debt covenants
As of December 31, 2018, the Group obtained consent letters from the banks to waive the financial covenant such as the maximum debt-to-equity ratio and minimum debt service coverage ratio under the Group's long-term loan agreements.

18. Obligations Under Finance Lease

The Group has various finance lease arrangements with third parties for the lease of containers, reefer vans, isotanks, cargo handling equipment and transportation equipment. The lease agreements provide for a purchase option to the Company, 2GO Express and SCVASI at the end of the lease term, which among other considerations met the criteria for a finance lease. Therefore, the leased assets were capitalized. The lease agreements do not include restrictions, contingent rentals and escalation clauses. Renewal is at the option of the Group.

The future minimum lease payments on the obligations under finance lease together with the present value of the net minimum lease payments are as follows:

	March 31, 2019 (Unaudited)		December 31, 2018 (As re-presented)	
	Future Minimum Lease Payments	**Present Value of Minimum Lease payments**	Future Minimum Lease Payments	Present Value of Minimum Lease payments
		(In thousands)		
Less than one year	**₱90,288**	**₱84,528**	₱90,867	₱83,515
Between one and five years	**73,885**	**71,277**	95,362	92,317
	164,173	**155,805**	₱186,229	₱175,832
Interest component	**8,368**	**–**	10,397	–
Present value	**₱155,805**	**₱155,805**	₱175,832	₱175,832

The net carrying values of the above asset held by the Group under finance leases under various property and equipment accounts in Note 11 to the unaudited interim condensed consolidated statements of financial position are summarized as follows:

	March 31, 2019 (Unaudited)	December 31, 2018 (As re-presented)
Cost	**₱548,752**	₱548,752
Less accumulated depreciation	**306,081**	287,507
Net book value	**₱242,671**	₱261,245

The interest expense recognized related to these leases amounted to ₱2.0 million and ₱4.3 million for the three months ended March 31, 2019 and 2018, respectively, under "Financing charges" account in the unaudited interim condensed consolidated statements of profit or loss (see Note 24).

19. Provisions and Contingencies

There are certain legal cases filed against the Group in the normal course of business. Management and its legal counsel believe that the Group has substantial legal and factual bases for its position and are of the opinion that losses arising from these cases, if any, will not have a material adverse impact on the consolidated financial statements.

The Group recognized provision for probable losses arising from these legal cases amounting to ₱47.0 million and ₱67.5 million as of March 31, 2019 and December 31, 2018 (see Note 16).

20. **Related Parties**

In the normal course of business, the Group has transacted with the following related parties:

Relationship	Name
Subsidiaries	Brisk Nautilus Dock Integrated Services, Inc. (BNDISI) [(7)]
	Sea Merchants Inc. (SMI) [(7)]
	Bluemarine Inc. (BMI) [(7)]
	2GO Express, Inc. (2GO Express)
	2GO Logistics, Inc. (2GO Logistics)
	Scanasia Overseas, Inc. (SOI)
	Hapag-Lloyd Philippines, Inc. (HLP) [(6)]
	WRR Trucking Corporation (WTC)
	Special Container and Value Added Services, Inc. (SCVASI)
	The Supercat Fast Ferry Corporation (SFFC)
	2GO Rush, Inc. (Rush) [(4)]
	NN-ATS Logistics Management and Holdings Corporation, Inc. (NLMHCI)
	Super Terminals, Inc. (STI) [(2) (3)]
	J&A Services Corporation (JASC) [(6)]
	Red.Dot Corporation (RDC) [(5)]
	North Harbor Tugs Corporation (NHTC)
	Supersail Corporation (SSI) [(5)]
	Astir Engineering Works, Inc. (AEWI) [(6)]
	United South Dockhandlers, Inc. (USDI)
	WG & A Supercommerce, Inc. (WSI) [(1)]
Associates	MCC Transport Philippines, Inc. (MCCP)
	Hansa Meyer Projects (Phils.), Inc. (HMPPI)
	Mober Technology PTE Inc.
Joint Ventures	KLN Logistics Holdings Philippines, Inc. (KLN)
	Kerry Logistics (Phils.), Inc. (KLI)
Stockholders of the Parent Company	Chelsea Logistics Holdings Corporation
Other Affiliated Companies	Chelsea Marine Power Resources, Inc.
	Phoenix Petroleum Philippines, Inc.
	Supervalue, Inc.
	BDO Unibank, Inc.

[1]*Ceased commercial operations in February 2006*
[2]*Ceased commercial operations in 2017*
[3]*NALMHCI has control over STI since it has the power to cast the majority of votes at the BOD's meeting and the power to govern the financial and reporting policies of STI. Dormant company.*
[4]*Incorporated in December 2016 but has not yet started business operations*
[5]*Subsidiaries sold in 2018*
[6]*Ceased commercial operations on December 31, 2018*
[7]*Dormant companies*

The following are the revenue and income (costs and expenses) included in the unaudited interim consolidated statement of profit or loss with related parties:

		Three Months Ended March 31	
	Nature	**2019 (Unaudited)**	2018 (As re-presented)
		(In Thousands)	
Associates and joint venture	Shared cost	**(20)**	–
	Freight expense	**(11,490)**	–
	Other overhead expense	**(404)**	–
	Freight revenue	–	4,642
Key Management Personnel	Employee benefits	**(13,622)**	(14,346)
Stockholders of the Parent Company	Co-loading	**(63,513)**	(68,353)
Other Affiliated Companies	Fuel and lubricant	**(901,480)**	(586,207)
	Food and beverage	**(70,989)**	(33,088)
	Rent	**(72,536)**	(2,471)
	Outside services	–	(2,492)

The unaudited interim consolidated statements of financial position include the following amounts with respect to the balances with related parties:

	Financial Statement Account	Terms and Conditions	**March 31, 2019 (Unaudited)**	December 31, 2018 (As re-presented)
			(In Thousands)	
Joint Venture and Associates	Due from related parties	On demand; noninterest-bearing	**₱77,824**	₱72,508
	Trade payables	30 to 60 days; noninterest-bearing	**(26,892)**	(4,847)
	Due to related parties	30 to 60 days; noninterest-bearing	**(1,980)**	(4,214)
Other Affiliated Company	Long-term debt	Note 17	**(2,484,653)**	(2,483,716)
	Cash in bank	On demand	**787,575**	899,977
	Trade payables and accrued expenses	30 to 60 days; noninterest-bearing	**(628,104)**	(872,849)
	Due to related parties	30 to 60 days; noninterest-bearing	–	(153)

The outstanding related party balances are unsecured and settlement is expected to be in cash, unless otherwise indicated. The Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken at each reporting period through examining the financial position of the related parties and the market in which these related parties operate.

Outstanding balances at reporting period are unsecured and settlement will be in cash, unless otherwise indicated.

Other terms and conditions related to the above related party balances and transactions are as follows:

Transactions with Subsidiaries, Associates and Other Related Parties under Common Control

- Transactions with other associates and related companies consist of shipping services, management services, ship management services, agency fee for manpower services, purchase of steward supplies, availment of stevedoring, arrastre, trucking, and repair services and rental.
- The Company's transactions with 2GO Express Group include shipping and forwarding services, commission and trucking services.
- The Company provided management services to SFFC, 2GO Express, 2GO Logistics, HLP and SOI at fees based on agreed rates.

Intercompany Balances Eliminated during Consolidation
The following are the intercompany balances among related parties which are eliminated in the audited consolidated financial statements:

Amounts owed to:	Amounts owed by:	Terms and Conditions	March 31, 2019 (Unaudited)	December 31, 2018 (As re-presented)
				(In Thousands)
2GO	SFFC/SCVASI/EXP /DTN/SOI/HLP/WTC/ NLMHCI	30 to 60 days; noninterest-bearing	**₱3,136,271**	₱3,078,831
EXP	2GO/SFFC/SCVASI /DTN/SOI/WTC /NLMHCI	30 to 60 days; noninterest-bearing	**91,578**	91,476
DTN	2GO/SCVASI/EXP/SOI/ WTC	30 to 60 days; noninterest-bearing	**76,030**	64,833
SCVASI	2GO/SFFC/EXP/DTN /SOI	30 to 60 days; noninterest-bearing	**52,137**	49,799
SOI	2GO/SCVASI/EXP/DTN	30 to 60 days; noninterest-bearing	**22,674**	22,406
WTC	EXP/DTN	30 to 60 days; noninterest-bearing	**17,534**	–
NLMHCI	2GO/EXP/NHTC	30 to 60 days; noninterest-bearing	**6,132**	8,889
SFFC	2GO/EXP	30 to 60 days; noninterest-bearing	**220**	3,294

21. **Equity**

a. Share Capital

Details of share capital as at March 31, 2019 and December 31, 2018 are as follows:

	Number of Shares	Amount
		(In Thousands)
Authorized common shares at ₱1.00 par value each	4,070,343,670	₱4,070,344
Issued and outstanding common shares as at March 31, 2019	2,462,146,316	₱2,462,146
Issued and outstanding common shares as at December 31,2018	2,446,136,400	₱2,446,136

Movements in issued and outstanding capital stocks follow:

Date	Activity	Issue price	Number of shares Common shares
May 26, 1949	Issued capital stocks as of incorporation date	₱1,000.00	1,002
December 10, 1971 to October 26, 1998	Increase in issued capital stock	1,000.00	1,496,597,636
December 6, 2002	Reclassification of common shares to preferred shares	1.00	40,000,000
February 10, 2003	Issuance of preferred shares before redemption	1.00	–
November 18, 2003	Redemption of preferred shares	6.67	–
September 6, 2004	Issuance of common shares by way of stock dividends	1.00	393,246,555
November 22, 2004	Redemption of preferred shares	6.67	–
December 31, 2004	Issuance of common shares prior to reorganization	1.00	(756)
October 24, 2005	Issuance of common shares through share swap transactions	1.76	414,121,123
August 22 to October 13, 2006	Conversion of redeemable preferred shares to common shares	3.20	140,687,340
December 6 -31, 2012	Redemption of redeemable preference share	6.00	–
January 1, 2019	Issuance of common shares	1.00	16,009,916
			2,500,662,816
December 31, 2001	Treasury shares*	1.50	(38,516,500)
			2,462,146,316

** The carrying value of treasury shares is inclusive of ₱0.9 million transaction cost.*

Issued and outstanding common shares are held by 5,073 and 1,888 equity holders as of March 31, 2019 and December 31, 2018 respectively.

b. Other equity reserves pertains to the Group's excess investment cost over the net assets of acquired entities under common control during the time of the acquisition.

22. Cost of Services and Goods Sold

This account consists of the following:

		Three Months Ended March 31	
	Note	**2019 (Unaudited)**	2018 (As re-presented)
		(In Thousands)	
Cost of Services			
Outside services		**₱1,095,030**	₱1,086,435
Fuel, oil and lubricants	*20*	**908,521**	700,252
Depreciation and amortization	*11, 14*	**476,912**	483,927
Transportation and delivery		**408,040**	20,699
Personnel costs	*25, 26*	**292,571**	270,136
Rent	*29*	**204,678**	179,835
Repairs and maintenance		**128,642**	108,731
Insurance		**71,272**	50,502
Food and beverage	*20*	**70,989**	103,050
Arrastre and stevedoring		**55,311**	69,573
Material and supplies used		**49,914**	31,503
Food and subsistence		**30,043**	29,039
Sales-related expenses		**26,512**	34,231
Communication, light and water		**25,716**	31,002
Cargo losses and damages	*16*	**15,164**	8,735
Taxes and licenses		**7,375**	8,615
Others		**56,931**	83,733
		3,923,621	3,299,998
Cost of Goods Sold		**1,728,444**	1,429,397
		₱5,652,065	₱4,729,395

23. General and Administrative Expenses

This account consists of the following:

		Three Months Ended March 31	
	Note	**2019 (Unaudited)**	2018 (As re-presented)
		(In Thousands)	
Personnel costs	*25, 26*	**₱182,165**	₱199,276
Outside services		**59,933**	41,615
Transportation and travel		**22,776**	25,925
Rent	*29*	**26,065**	28,531
Advertising and promotion		**12,515**	10,523
Depreciation and amortization	*11, 14*	**13,878**	12,388
Taxes and licenses		**16,739**	29,775
Communication, light and water		**20,791**	20,051
Computer charges		**17,488**	11,953
Entertainment, amusement and recreation		**7,166**	12,680
Repairs and maintenance		**6,632**	10,068
Special projects		**1,501**	10,500
Insurance		**2,102**	5,937
Office supplies		**1,997**	2,248
Provision for ECL	*8*	**–**	11,707
Others		**13,576**	11,368
		₱405,324	₱444,545

Others consists of various expenses that are individually immaterial.

24. Other Income (Charges)

Financing Charges

		Three Months Ended March 31	
	Note	**2019 (Unaudited)**	2018 (As re-presented)
		(In Thousands)	
Interest expense on:			
Long-term debt	*17*	**₱50,380**	**₱45,691**
Short-term notes payable	*15*	**34,324**	**29,843**
Amortization of:			
Obligations under finance lease	*18*	**2,000**	**4,313**
Debt transaction costs	*17*	**937**	**2,593**
Other financing charges		**7,843**	**5,254**
		₱95,484	**₱87,694**

Other financing charges comprise of items that are individually immaterial.

Others - net

		Three Months Ended March 31	
	Note	**2019 (Unaudited)**	2018 (As re-presented)
		(In Thousands)	
Interest income	*7*	**₱2,580**	₱1,672
Gain on disposal of:			
Property and equipment	*12*	**8,464**	5,610
Subsidiary		**–**	7,101
Recovery from principal		**–**	21,530
Foreign exchange gains (losses)		**67**	(1,459)
Others - net		**505**	(4,276)
		₱11,616	₱30,178

Others - net comprise of prompt payment discount and other items that are individually immaterial.

25. Personnel Costs

Details of personnel costs are as follows:

		Three Months Ended March 31	
	Note	**2019 (Unaudited)**	2018 (As re-presented)
		(In Thousands)	
Salaries and wages		**₱336,709**	₱314,038
Retirement benefit cost	*26*	**20,398**	23,400
Other employee benefits		**117,629**	131,974
		₱474,736	₱469,412

Other employee benefits include medical allowances and hospitalization, Social Security System, Philhealth, Pag-ibig premiums, directors' fee, and other items that are individually immaterial.

26. Retirement Benefits

The Group has funded defined benefit pension plans covering all regular and permanent employees. The benefits are based on employees' projected salaries and number of years of service. The Group's retirement plans meet the minimum requirement specified under Republic Act No. 7641, *Retirement Pay Law.*

The fund is administered by trustee banks under the supervision of the Board of Trustees who is also responsible for the investment strategy of the plan. The investment strategy of the Group's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risks of the plans. The Group expects to contribute ₱70.8 million to the retirement fund in 2019. The Group's transaction with the plan pertain to contribution and benefit payments. The following tables summarize the components of retirement benefit cost included in the consolidated statements of profit or loss are as follows:

	Three Months Ended March 31	
	2019 (unaudited)	2018 (As re-presented)
	(In thousands)	
Current service cost	**₱20,398**	₱23,400

The following tables summarize the funded status and amounts recognized in the interim unaudited consolidated statements of financial position:

	March 31, 2019 (Unaudited)	December 31, 2018 (As re-presented)
	(In Thousands)	
Defined benefit obligation	**₱474,325**	₱455,352
Fair value of plan assets	**(252,390)**	(243,932)
	₱221,935	**₱211,420**

27. Income Taxes

a. The components of provision for income tax are as follows:

	Three Months Ended March 31	
	2019 (Unaudited)	2018 (As re-presented)
	(In Thousands)	
Current:		
RCIT	**₱18,158**	**₱29,063**
MCIT	**2,600**	**7,741**
	20,758	**36,804**
Deferred	**(321)**	**(2,935)**
	₱20,437	**₱33,869**

b. The components of the Group's recognized net deferred tax assets and liabilities are as follows:

	March 31, 2019 (Unaudited)	December 31, 2018 (As re-presented)
		(In Thousands)
Directly recognized in profit or loss		
Deferred income tax assets on:		
Allowances for:		
Accrued retirement benefits	**₱25,690**	₱19,571
Past service cost	**12,027**	12,027
Accruals and others	**5,806**	11,578
	43,523	43,176
Deferred income tax liabilities on other taxable temporary differences	**(10,564)**	(10,564)
	32,959	32,612
Directly recognized in OCI		
Deferred income tax asset on remeasurement of retirement costs	**36,883**	36,883
	₱69,842	₱69,495

28. **Earnings (Loss) Per Share (EPS)**

Basic and diluted earnings per share were computed as follows:

	Three Months Ended March 31	
	2019 (Unaudited)	2018 (As re-presented)
	(In Thousands, except EPS)	
Net income (loss) for the period attributable to equity holders of the Parent Company	**(₱291,672)**	₱34,797
Divided by weighted average number of common shares outstanding for the year	**2,462,146**	2,446,136
Basic earnings (loss) per common share	**(₱0.12)**	₱0.01

There are no potentially dilutive common shares as at March 31, 2019 and 2018.

29. **Agreements and Commitments**

a. The Group has entered into various operating lease agreements for its office spaces, container yards, warehouses and owned outlets. The future minimum rentals payable under the non-cancellable operating leases are as follows:

	Three Months Ended March 31	
	2019 (Unaudited)	2018 (As re-presented)
	(In Thousands)	
Within one year	**₱647,468**	**₱204,998**
After one year but not later than five years	**964,416**	**882,967**
	₱1,611,884	**₱1,087,965**

The lease agreements did not include restrictions, contingent rentals, purchase options and escalation clauses. Renewal of the lease agreements is at the option of the Group.

b. Rent expense is presented under "Cost of Services and Goods Sold" and "General and "Administrative Expenses" as follows:

		Three Months Ended March 31	
	Note	**2019 (Unaudited)**	2018 (As re-presented)
		(In Thousands)	
Cost of services and goods sold	*22*	**₱204,678**	₱179,835
General and administrative expenses	*23*	**26,065**	28,531
		₱230,743	₱208,366

30. **Financial Risk Management Objectives and Policies**

The Group's principal financial instruments comprise cash and cash equivalents, short-term notes payable, long-term debt and obligations under finance lease. The main purpose of these financial instruments is to raise financing for the Group's operations. The Group has other various financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from operations.

The main risks arising from the Group's financial instruments are credit risk involving possible exposure to counter-party default, primarily, on its trade and other receivables; liquidity risk in terms of the proper matching of the type of financing required for specific investments and maturing obligations; foreign exchange risk in terms of foreign exchange fluctuations that may significantly affect its foreign currency denominated placements and borrowings; and interest rate risk resulting from movements in interest rates that may have an impact on interest bearing financial instruments.

There has been no change to the Group's exposure to credit, liquidity, foreign exchange, interest rate and equity price risks on the manner in which it manages and measures the risks since prior years.

Credit Risk

To manage credit risk, the Group has policies in place to ensure that all customers that wish to trade on credit terms are subject to credit verification procedures and approval of the Credit Committee. In addition, receivable balances are monitored on an ongoing basis to reduce the Group's exposure to bad debts. The Group has policies that limit the amount of credit exposure to any particular customer.

The Group does not have any significant credit risk exposure to any single counterparty. The Group's exposures to credit risks are primarily attributable to cash and collection of trade and other receivables with a maximum exposure equal to the carrying amount of these financial instruments. As of March 31, 2019 and December 31, 2018, the Group did not hold collateral from any counterparty.

High quality receivables pertain to receivables from related parties and customers with good favorable credit standing. Medium quality receivables pertain to receivables from customers that slide beyond the credit terms but pay a week after being past due. Low quality receivables are accounts that are deemed uncollectible and provided for with a provision. For new customers, the Group has no basis yet as far as payment habit is concerned.

The Group evaluated its cash in banks as high quality financial assets since these are placed in financial institutions of high credit standing. It also evaluated its advances to officers and employees as high grade since these are collected through salary deductions.

The aging per class of financial assets and contract assets, and the expected credit loss as of March 31, 2019 and December 31, 2018 are as follows:

March 31, 2019 (Unaudited):

		Past Due						
	Current	**Less than 30 Days**	**31 to 60 Days**	**61 to 90 Days**	**91 to 120 Days**	**Over 120 Days**	**Expected Credit Loss**	**Total**
				(In Thousands)				
Financial assets:								
Cash in banks	**₱911,673**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱911,673**
Cash equivalents	**170,714**	**–**	**–**	**–**	**–**	**–**	**–**	**170,714**
Trade receivables	**1,299,816**	**861,374**	**174,009**	**87,451**	**77,122**	**1,115,738**	**(762,790)**	**2,852,720**
Nontrade receivables	**155,869**	**425,843**	**186,506**	**62,411**	**59,254**	**433,484**	**(432,160)**	**891,207**
Due from related parties	**21,311**	**581**	**10,556**	**5,629**	**13,328**	**26,419**	**–**	**77,824**
Advances to officers and employees	**8,417**	**10,631**	**5,400**	**726**	**12,361**	**–**	**–**	**37,535**
Refundable deposits	**348,490**	**–**	**–**	**–**	**–**	**–**	**–**	**348,490**
Contract assets	**141,946**	**47,099**	**13,629**	**7,532**	**8,054**	**23,061**	**(75,113)**	**166,208**
Total	**₱3,058,236**	**₱1,345,528**	**₱390,100**	**₱163,749**	**₱170,119**	**₱1,598,702**	**(₱1,270,063)**	**₱5,456,371**

December 31, 2018 (As re-presented):

		Past Due						
	Current	0-30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Expected Credit Loss	Total
				(In Thousands)				
Financial Assets								
Cash in banks	₱1,090,183	₱–	₱–	₱–	₱–	₱–	₱–	₱1,090,183
Cash equivalents	282,951	–	–	–	–	–	–	282,951
Trade receivables	1,306,430	865,757	174,894	87,896	77,515	1,121,415	(765,544)	2,868,363
Nontrade receivables	158,753	435,231	190,618	63,787	60,560	443,041	(508,590)	843,400
Due from related parties	19,763	539	9,789	5,220	12,360	24,499	–	72,170
Advances to officers and employees	4,843	6,117	3,107	418	7,112	–	–	21,597
Refundable deposits	175,278	–	–	–	–	–	–	175,278
Contract assets	260,549	86,452	25,017	13,825	14,784	42,329	(75,113)	367,843
Total	₱3,298,750	₱1,394,096	₱403,425	₱171,146	₱172,331	₱1,631,284	(₱1,349,247)	₱5,721,785

Liquidity Risk

The Group manages its liquidity profile to be able to finance its capital expenditures and service its maturing debt by maintaining sufficient cash during the peak season of the passage business. The Group regularly evaluates its projected and actual cash flows generated from operations.

The Group's existing credit facilities with various banks are covered by the Continuing Suretyship for the accounts of the Group.

The liability of the Surety is primary and solidary and is not contingent upon the pursuit by the bank of whatever remedies it may have against the debtor or collaterals/liens it may possess. If any of the secured obligations is not paid or performed on due date (at stated maturity or by acceleration), the Surety shall, without need for any notice, demand or any other account or deed, immediately be liable therefore and the Surety shall pay and perform the same.

Foreign Exchange Risk
Foreign currency risk arises when the Group enters into transactions denominated in currencies other than their functional currency. Management closely monitors the fluctuations in exchange rates so as to anticipate the impact of foreign currency risks associated with the financial instruments. To mitigate the risk of incurring foreign exchange losses, the Group maintains cash in banks in foreign currency to match its financial liabilities.

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings are subject to fixed interest rates ranging from 5% to 8.5% as at March 31, 2019 and December 31, 2018.

Capital Risk Management Objectives and Procedures
The Group's capital management objectives are to ensure the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and produce adequate and continuous opportunities to its employees; and to provide an adequate return to shareholders by pricing products/services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. It manages the capital structure and makes adjustments in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Group's overall strategy in managing its capital remains unchanged since the prior year.

The Group considers its total equity as its capital. The Group monitors capital on the basis of the carrying amount of equity as presented on the consolidated statement of financial position. The capital ratios are as follows:

	March 31, 2019 (Unaudited)	December 31, 2018 (As re-presented)
Assets financed by:		
Creditors	**75%**	73%
Stockholders	**25%**	27%

As of March 31, 2019 and December 31, 2018, the Group met its capital management objectives.

31. **Fair Values of Financial Instruments and Nonfinancial Assets**

The table below shows the carrying amounts and fair values of financial assets and liabilities. The fair values have been determined based on level 3 fair value hierarchy. The table below does not include the fair value information for financial assets and liabilities not measured at fair value if the carrying amounts are the reasonable approximation of their fair values.

	March 31, 2019 (Unaudited)		December 31, 2018 (As re-presented)	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
		(In Thousands)		
Financial Liabilities				
Long-term debts	**₱3,197,240**	**₱3,142,323**	₱3,222,513	₱3,164,104
Obligations under finance lease	**155,805**	**155,805**	175,832	175,832
	₱3,353,045	**₱3,298,128**	₱3,398,345	₱3,339,936

The following methods and assumptions are used to estimate the fair value of each class of financial instruments and nonfinancial asset:

Cash and Cash Equivalents, Trade and Other Receivables, Trade and Other Payables, Refundable Deposits
The carrying amounts of these financial instruments approximate their respective fair values due to their relatively short-term maturities.

Short-term Notes Payable
The carrying value of short-term notes payable that reprice every three (3) months, approximates their fair value because of recent and regular repricing based on current market rate. For fixed rate loans, the carrying value approximates fair value due to its short-term maturities, ranging from three months to twelve months.

Long-term Debt
Discount rate of 7.0% was used in calculating the fair value of the long-term debt as of March 31, 2019 and December 31, 2018.

Obligations Under Finance Lease
The fair values of obligations under finance lease are based on the discounted net present value of cash flows using the discount rates ranging from 3.3% to 4.6% and 3.5% to 3.7% as of March 31, 2019 and December 31, 2018, respectively.

Investment Property
The fair value of the investment property is determined using the Market Data Approach, which is a process of comparing the subject property being appraised to similar comparable properties recently sold or being offered for sale.

32. Notes to Consolidated Statements of Cash Flows

The Group adopted the Amendments to PAS 7, *Statement of Cash Flows* in 2017. Changes in liabilities arising from financing activities are as follows:

For the three month ended March 31, 2019 (Unaudited):

	January 1, 2019	Cash Flows Availments	Cash Flows Payments	Net	New leases	Others	March 31, 2019
Short-term notes payable	₱2,685,000	2,060,000	(1,830,000)	₱–	₱–	₱–	₱2,915,000
Current portion of long-term debt	106,336	–	(26,210)	–	–	35,715	115,841
Current portion of obligations under finance lease	83,515	–	(20,027)	–	–	21,040	84,528
Noncurrent portion of long-term debt	3,116,177	–	–	–	–	(34,778)	3,081,399
Noncurrent portion of obligations under finance lease	92,317	–	–	–	–	(21,040)	71,277
Total liabilities from financing activities	₱6,083,345	₱2,060,000	(₱1,876,237)	₱–	₱–	₱937	₱6,268,045

"Others" includes the effect of reclassification of non-current portion to current due to the passage of time and amortization of debt transaction costs capitalized.

33. Business combination under common control

As a result of the Company and NN's merger (see Note 1), the comparative balances have been re-presented as if the merger was in effect as at January 1, 2018. Refer to details below:

Statement of Financial Position

	December 31, 2018 (Audited)	Effect of Merger Increase (Decrease)	December 31, 2018 (As re-presented)
ASSETS			
Current Assets			
Cash and cash equivalents	₱1,387,128	₱28,283	₱1,415,411
Trade and other receivables, net	4,097,691	93,823	4,191,514
Inventories	628,210	–	628,210
Other current assets	1,586,808	184,324	1,771,132
Total Current Assets	7,699,837	306,430	8,006,267
Noncurrent Assets			
Property and equipment	6,567,383	644,050	7,211,433
Investments in associates and joint ventures	325,642	–	325,642
Deferred tax assets, net	69,499	(4)	69,495
Goodwill	–	686,896	686,896
Other noncurrent assets	400,340	35,468	435,808
Total Noncurrent Assets	7,362,864	1,366,410	8,729,274
TOTAL ASSETS	₱15,062,701	₱1,672,840	₱16,735,541

(Forward)

	December 31, 2018 (Audited)	Effect of Merger Increase (Decrease)	December 31, 2018 (As re-presented)
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term notes payable	₱2,685,000	₱–	₱2,685,000
Trade and other payables	6,497,092	(615,688)	5,881,404
Income tax payable	15,351	23	15,374
Current portion of:			
Long-term debt	442,077	(335,741)	106,336
Obligations under finance lease	83,515	–	83,515
Total Current Liabilities	9,723,035	(951,406)	8,771,629
Noncurrent Liabilities			
Long-term debt - net of current portion	2,780,436	335,741	3,116,177
Obligations under finance lease - net of current portion	92,317	–	92,317
Accrued retirement benefits	211,420	–	211,420
Other noncurrent liabilities	7,283	1	7,284
Total Noncurrent Liabilities	3,091,456	335,742	3,427,198
Total Liabilities	₱12,814,491	(₱615,664)	₱12,198,827
Equity			
Share capital	₱2,484,653	₱–	2,484,653
Additional paid-in capital	910,901	2,330,653	3,241,554
Other equity reserve	(13,078)	(1,600)	(14,678)
Other comprehensive losses – net	(92,698)	(1,069)	(93,767)
Deficit	(1,044,725)	(39,480)	(1,084,205)
Treasury shares	(58,715)	–	(58,715)
Equity Attributable to Equity Holders of the Parent Company	2,186,338	2,288,504	4,474,842
Non-controlling Interests	61,872	–	61,872
Total Equity	2,248,210	2,288,504	4,536,714
TOTAL LIABILITIES AND EQUITY	₱15,062,701	₱1,672,840	₱16,735,541

Statement of Profit or Loss

	Three Months Ended March 31		
	2018 (Unaudited)	Effect of Merger Increase (Decrease)	2018 (As re-presented)
REVENUES FROM CONTRACTS WITH CUSTOMERS			
Shipping	₱1,906,353	933	₱1,907,286
Nonshipping:			
Logistics and other services	1,891,025	(69,302)	1,821,723
Sale of goods	1,572,271	–	1,572,271
	5,369,649	(68,369)	5,301,280
COST OF SERVICES AND GOODS SOLD	4,806,386	(76,991)	4,729,395
GROSS PROFIT	563,263	8,622	571,885
GENERAL AND ADMINISTRATIVE EXPENSES	435,194	9,351	444,545
OPERATING INCOME (LOSS)	128,069	(729)	127,340
OTHER INCOME (CHARGES)			
Equity in net (losses) earnings of associates and joint ventures	2,482	–	2,482
Financing charges	(87,597)	(97)	(87,694)
Others – net	28,716	1,462	30,178
	(56,399)	1,365	(55,034)
INCOME (LOSS) BEFORE INCOME TAX	71,670	636	72,306
PROVISION FOR INCOME TAX			
Current	33,695	3,109	36,804
Deferred	(2,935)	–	(2,935)
	30,760	3,109	33,869
NET INCOME (LOSS)	₱40,910	(2,473)	₱38,437

Statement of Cash Flows

	Three Months Ended March 31		
	2018 (Unaudited)	Effect of Merger Increase (Decrease)	2018 (As re-presented)
Net cash flows generated from operating activities	₱968,852	₱79,321	₱1,048,173
Net cash flows used in investing activities	(236,751)	(18,523)	(255,274)
Net cash flows used in financing activities	(764,445)	(11,878)	(776,323)

2GO GROUP, INC.
8/F Tower 1 Double Dragon Plaza, Edsa Ext.
cor. Macapagal Ave., Pasay City
SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
As of March 31, 2019

Unappropriated (Deficit) Retained Earnings, beginning		(₱126,994)
Less: Deferred tax assets, beginning		45,822
Treasury shares		58,715
Unappropriated Retained Earnings (Deficit), as adjusted to available for dividend distribution, beginning		(231,531)
Add: Net income actually earned/realized during the period		
Net income during the period closed to Retained Earnings	(194,608)	
Less: Non-actual/ unrealized income, net of tax:		
Unrealized foreign exchange income	139	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Sub-total	(194,747)	
Add: Non-actual losses, net of tax:		
Adjustment due to deviation from PFRS/ GAAP – loss	–	
Net income actually earned during the period	(194,747)	(194,747)
Add (Less):		
Dividend declarations during the period	–	
Distributions paid	–	
Appropriations of retained earnings during the year	–	
Reversal of appropriations	–	
Treasury shares	–	
	–	–
TOTAL RETAINED EARNINGS (DEFICIT), END AVAILABLE FOR DIVIDEND		(₱426,278)

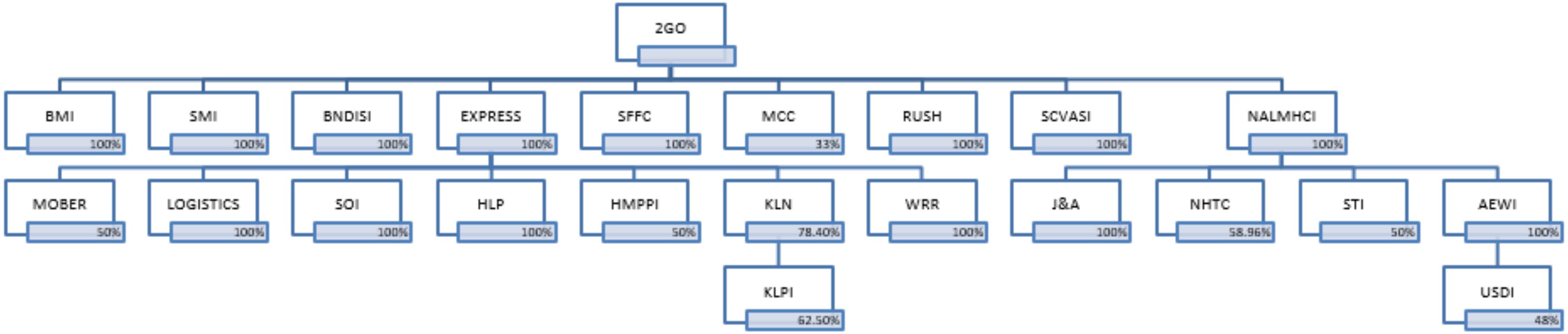
2GO GROUP, INC. AND SUBSIDIARIES
8/F Tower 1 Double Dragon Plaza, Edsa Ext.
cor. Macapagal Ave., Pasay City
KEY PERFORMANCE INDICATORS
AS OF MARCH 31, 2019 AND DECEMBER 31, 2018
(Amounts in Thousands)

	March 31, 2019	December 31, 2018
Total Liabilities	**₱12,430,764**	₱12,198,827
Total Stockholders' Equity	**4,246,405**	4,536,714
Debt-to-Equity	**2.93**	2.69
Total Current Assets	**₱8,155,040**	₱8,006,267
Total Current Liabilities	**9,048,609**	8,771,629
Current Ratio	**0.90**	0.91
Total Quick Assets	**₱5,429,119**	₱5,606,925
Total Current Liabilities	**9,048,609**	8,771,629
Quick Ratio	**0.60**	0.64
Net Loss After Tax	**(₱290,737)**[1]	(₱1,469,903)[2]
Depreciation & Amortization	**490,791**[1]	2,223,266[2]
Net Income before Dep'n & Amortization	**200,054**	753,363
Short Term & Long Term Notes	**6,268,045**	6,083,345
Solvency Ratio	**0.03**	0.12
Total Liabilities	**₱12,430,764**	₱12,198,827
Total Assets	**16,677,169**	16,735,541
Debt-to-Asset Ratio	**0.75**	0.73
Total Assets	**₱16,677,169**	₱16,735,541
Total Stockholders' Equity	**4,246,405**	4,536,714
Equity-to-Asset Ratio	**0.25**	0.27
Net Loss	**(₱290,737)** [1]	(₱1,469,903) [2]
Average Total Assets	**16,706,355**	17,476,804
Return On Assets	**(0.02)**	(0.08)
Net Loss	**(₱290,737)** [1]	(₱1,469,903) [2]
Average Total Stockholders' Equity	**4,391,560**	5,294,174
Return on Equity	**(0.07)**	(0.28)

	March 31, 2019	December 31, 2018
Sales	**₱5,885,681[1]**	₱21,993,068[2]
Cost of Services and Goods Sold	**5,652,065[1]**	20,903,662[2]
Gross Profit	**233,616[1]**	1,089,406[2]
Gross Profit Margin	**0.04**	0.05
Net Loss	**(₱290,737) [1]**	(₱1,469,903) [2]
Sales	**5,885,681[1]**	21,993,068[2]
Net loss Margin	**(0.05)**	(0.07)
Price Per Share	**₱12.50**	₱13.78
Loss per Common Share	**(0.12)**	(0.60)
Price per Loss Ratio	**(105.52)**	(23.08)
EBIT	**(₱177,396) [1]**	(₱1,054,043) [2]
Interest Expense	**95,484[1]**	321,908[2]
Interest Coverage Ratio	**(1.86)**	(3.27)

[1] *For the 3 months ended March 31, 2019*
[2] *For the 12 months ended December 31, 2018*

Corporate Structure



Legend:

BNDISI	*Brisk Nautilus Dock Integrated Services, Inc.*	**SCVASI**	*Special Container and Value Added Services, Inc.*	**STI**	*Super Terminals, Inc.*
2GO	*2GO Group, Inc.*	**LOGISTICS**	*2GO Logistics, Inc.*	**AEWI**	*Astir Engineering Works, Inc.*
SMI	*Sea Merchants, Inc.*	**SOI**	*Scanasia Overseas, Inc.*	**USDI**	*United South Dockhandlers, Inc.*
BMI	*Bluemarine (BMI) Inc.*	**HLP**	*Hapag Lloyd Philippines, Inc.*	**RUSH**	*2GO Rush Delivery Inc.*
EXPRESS	*2GO Express, Inc.*	**HMPPI**	*Hansa Meyer Projects Philippines, Inc.*	**MOBER**	*Mober Technology PTE Inc.*
SFFC	*Supercat Fast Ferry Corporation*	**KLN**	*KLN Logistics Holdings Philippines, Inc.*		
KLPI	*Kerry Logistics Philippines, Inc.*	**WRR**	*WRR Trucking Corporation*		
MCC	*MCCP Transport Philippines, Inc.*	**J&A**	*J&A Services Corporation*		
NALMHCI	*NN-ATS Logistics Management & Holdings Co., Inc.*	**NHTC**	*North Harbor Tugs Corporation*		

2GO Group, Inc. and Subsidiaries
Management's Discussion and Analysis

Results of Operations for the Three Months Ended March 31, 2019 and 2018

Amounts in millions		Mar 31, 2019 Unaudited		Mar 31, 2018 As re-presented	% Change
Revenue	**₱**	**5,886**	**₱**	**5,301**	**11%**
Costs of Services and Goods Sold		5,652		4,729	(20%)
Gross Profit		**234**		**572**	**(59%)**
General and Administrative Expenses		405		445	9%
Operating Income		**(172)**		**127**	**(235%)**
Other Charges		99		55	(79%)
Provision for Income Tax		20		34	40%
Net Income (Loss)	**₱**	**(291)**	**₱**	**38**	**(856%)**
Add back:					
Financing Charges (Interest)		95		88	(9%)
Provision for Income Tax		20		34	40%
Depreciation and Amortization		491		500	2%
EBITDA	**₱**	**316**	**₱**	**660**	**(52%)**

2GO Group, Inc. and subsidiaries (2GO or the Group) incurred a Net Loss of ₱291 million for the 1st quarter of 2019, a decrease compared to Net Income of ₱38 million during the same period in 2018.

The Group's revenue increased by 11% in 2019 from 2018 due to the gross presentation of certain revenue streams in 2019 as required by the new revenue accounting standard (PFRS 15, *Revenue from contracts with customers*). The Group adopted PFRS 15 using the modified retrospective approach. On a comparative basis Group revenue increased by 4% to ₱5,886 million in 2019 from ₱5,651 in 2018.

Shipping revenue, which consists of freight and travel, decreased by 6% primarily due to increased competition in the freight segment. Revenue from Non-shipping (logistics and distribution) increased by 10% driven by growth in courier, e-Commerce, coldchain and isotanks, and distribution businesses. In 2019, Shipping accounted for 36% and Non-shipping accounted for 64% of total revenue. In 2018, Shipping accounted for 40% and Non-shipping accounted for 60% of total revenue.

Costs of Services and Goods Sold increased 20%, primarily driven by rising fuel and commodity prices and increased sales of inventory from our distribution business. Fuel prices increased 19% compared to the 1st quarter of 2018, which resulted in a negative price variance of ₱134 million. General and Administrative Expenses decreased 9% as 2GO continued its initiatives to control costs.

Financial Position as of March 31, 2019 and December 31, 2018

Amounts in millions		Mar 31, 2019 Unaudited		Dec 31, 2018 As re-presented	% Change
Current Assets	₱	8,155	₱	8,006	2%
Noncurrent Assets		8,522		8,729	(2%)
Total Assets	**₱**	**16,677**	**₱**	**16,736**	**(0%)**
Current Liabilities	₱	9,049	₱	8,772	3%
Noncurrent Liabilities		3,382		3,427	(1%)
Total Liabilities	**₱**	**12,431**	**₱**	**12,198**	**2%**
Total Equity		4,246		4,537	(6%)
Total Liabilities and Equity	**₱**	**16,677**	**₱**	**16,736**	**(0%)**

Total Assets is ₱16.7 billion as of March 31, 2019 and December 31, 2018. Total Liabilities is ₱12.4 billion as of March 31, 2019 and ₱12.2 billion as of December 31, 2018, an increase of 2%.

Assets
Current Assets increased 2% to ₱8.2 billion from ₱8.0 billion. Cash and Cash Equivalents is ₱1.4 billion, same level as last year. Trade and Other Receivables, net of Allowance for Doubtful Accounts, decreased 4% to ₱4.0 billion from ₱4.2 billion.

Noncurrent Assets decreased 2% to ₱8.5 billion from ₱8.7 billion.

Liabilities
Current Liabilities increased 3% to ₱9.0 billion from ₱8.8 billion. Trade and Other Payables is ₱5.9 billion as of March 31, 2019 and December 31, 2018. Short-term Notes Payable increased 9% to ₱2.9 billion from ₱2.7 billion.

Noncurrent Liabilities decreased 1% to ₱3.38 billion from ₱3.42 billion.

Equity
Total Equity decreased 6% to ₱4.2 billion from ₱4.5 billion.

As a result of the merger between 2GO Group, Inc. and Negros Navigation Co., Inc. effective January 1, 2019, with 2GO as the surviving entity, the comparative balances have been re-presented as if the merger was in effect as at January 1, 2018.

All significant elements of income or loss from continuing operations are discussed in the management discussion and notes to the consolidated financial statements. Likewise, any significant elements of income or loss that did not arise from continuing operations are disclosed either in the management discussion or notes to the consolidated financial statements. There are no known trends, events, material changes, seasonal aspects, or uncertainties that are expected to affect the Group's continuing operations.

Except as disclosed in the management discussion or notes to the consolidated financial statements, there are no other known events that will trigger direct or contingent financial obligation that is material to 2GO, including any default or acceleration of an obligation. There is no material off-balance sheet transaction, arrangement, obligation, and other relationships of 2GO with unconsolidated entities or other persons incurred during the reporting period. The Group does not expect any liquidity issues within the next twelve months. Capital expenditures are funded through cash generated from operations or additional borrowings.

Key Performance Indicators

The following are the key financial ratios of the Group for the quarters ended March 31, 2019 and 2018 and as of March 31, 2019 and December 31, 2018.

	Mar 31, 2019 Unaudited	Mar 31, 2018 As re-presented
Revenue Growth	11%	13%
Net Income Margin	(5%)	1%
EBITDA (in Millions of Pesos)	₱ 316	₱ 660
EBITDA Margin	5%	12%
Amounts in millions	**Mar 31, 2019 Unaudited**	**Dec 31, 2018 As re-presented**
Current Ratio	0.9	0.9
Debt to Equity Ratio	2.9	2.7

Current Ratio is 0.9 as of March 31, 2019 and December 31, 2018. Debt to Equity Ratio is 2.9 as of March 31, 2019 and 2.7 as of December 31, 2018.

The Group's revenue increased by 11% in 2019 from 2018 due to the gross presentation of certain revenue streams in 2019 as required by the new revenue accounting standard (PFRS 15, *Revenue from contracts with customers*). On a comparative basis Group revenue increased by 4%. Net Income Margin decreased to -5% in 2019 vs. 1% in 2018.

EBITDA and EBITDA Margin remained positive at ₱316 million and 5% in 2019, and ₱660 million and 12% in 2018.

The Group calculates the key financial ratios as follows:

1.	Current Ratio	Current Assets / Current Liabilities
2.	Debt to Equity Ratio	Total Liabilities / Total Equity
3.	Revenue Growth	(Total Revenue current period / Total Revenue prior period) - 1
4.	Net Income Margin	Net Income / Total Revenue
5.	EBITDA	Net Income + Interest + Inc Tax + Depreciation & Amortization
6.	EBITDA Margin	EBITDA / Total Revenue

Company Outlook

2GO Group continues to serve its customers and stakeholders as the Philippines' largest end-to-end logistics solutions provider. The Group provides shipping, logistics and distribution services to small and medium enterprises, large corporations, and government agencies throughout the Philippines. The shipping group operates ocean-going freighters, roll-on/roll-off freight and passenger vessels, and fast ferry passenger vessels. The logistics group offers transportation, warehousing and distribution, cold chain solutions, domestic and international ocean and air forwarding services, customs brokerage, project logistics, and express and last mile package and e-commerce delivery. The distribution group leverages 2GO's shipping and logistics services to provide value-added distribution services to principals and customers.

For 2019, the Group continues its corporate governance initiatives, and aims to expand and further enhance its service offerings to its customers and stakeholders. The Group plans to achieve this through more streamlined operations and collaboration within its business units, investment in warehousing and logistics information technology solutions for customers, and synergies and best practices from its new shareholders. Management is confident that 2GO will further its growth and become an even stronger logistics solutions provider going forward.

SIGNATURES

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

Registrant	:	2GO GROUP, INC.
Signature and Title	:	William Charles Howell Chief Financial Officer/Treasurer
Date	:	May 16, 2019