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(Company's Full Name)

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RAUL MA. F. ANONAS

Tel No. 632-7715

Contact Person

Company Telephone Number

SEC FORM 17-A
2018 ANNUAL REPORT

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Month Day
Fiscal Year

0	5		
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Month Day
Annual Meeting

FORM TYPE

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Secondary License Type, If Applicable

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Dept Requiring this Doc

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Amended Articles Number / Section

Total Amount of Borrowings

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Domestic

Foreign

To be accomplished by SEC Personnel concerned

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File Number

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2018**.
2. SEC Identification Number **147584**.
3. BIR Tax Identification Number **043-002-727-376**.
4. Exact Name of Registrant as specified in its charter.

PREMIERE HORIZON ALLIANCE CORPORATION.

5. **Philippines** 6. _____ (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code
incorporation or organization
7. **Unit 1705, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City** 1605
Address of Principal Office Postal Code
8. **(02) 632-7715**
Registrant's Telephone Number, including Area Code
9. **N/A**
Former Name, former Address, and Former Fiscal Year, if changed since last report
10. Securities Registered pursuant to Sections 8 and 12 of the SRC.

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	1,990,480,889 common shares

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

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange	Common shares
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12. Check whether the issuer:

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

Yes No

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

Yes No

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

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

Yes No Not Applicable

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

(a) Any annual report to security holders;
(b) Any proxy or information statement filed pursuant to SRC Rule 20 and 17.1 (b);
(c) Any Prospectus filed pursuant to SRC Rule 8.1-1.

Not Applicable

TABLE OF CONTENTS

	PAGE No.
PART I – BUSINESS AND GENERAL INFORMATION	1-10
Item 1. Description of Business	
Item 2. Description of Property	
Item 3. Legal Proceedings	
Item 4. Submission of Matters to a Vote of Security Holders	
PART II – OPERATION AND FINANCIAL INFORMATION	10-31
Item 5. Market for Issuer's Common Equity and Related Stockholder Matters	
Item 6. Management's Discussion and Analysis or Plan of Operation	
Item 7. Financial Statements	
Item 8. Information on Independent Auditor's and Other Related Matters	
PART III – CONTROL AND COMPENSATION INFORMATION	32-38
Item 9. Directors and Officers	
Item 10. Executive Compensation	
Item 11. Security Ownership of Certain Beneficial Owners and Management	
Item 12. Certain Relationships and Related Transactions	
PART IV – CORPORATE GOVERNANCE	38
Item 13. Corporate Governance	
PART V – EXHIBITS AND SCHEDULES	39
Item 14. Exhibits and Reports on SEC Form 17-C	

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Description of Business

Premiere Horizon Alliance Corporation (formerly Premiere Entertainment Philippines, Inc.) (“PHA” or the “Company”) was incorporated on 13 January 1988 and was then known as Premiere Films International, Inc. On 20 June 1996 the Corporation’s name was amended to Premiere Entertainment Productions Inc.

On 5 May 1997, PHA was listed at the Philippine Stock Exchange (“PSE”) and thus, became the first public company engaged in the production of motion pictures. The Company envisioned a two-pronged thrust: a major presence in the local and international entertainment industry and an initial venture into gaming to round up its total entertainment offer.

On 16 May 2008, the Company’s shareholders and board of directors approved the change in the Company’s name to “Premiere Entertainment Philippines, Inc.”, increase in authorized capital stock, and the acquisition of Digiwave Solutions Inc. (“DSI”), a corporation engaged in the development of gaming software and the operation of internet casino stations.

On December 29, 2011, the company’s name was changed to Premiere Horizon Alliance Corporation and added the business of mining, real estate, information technology and other related business. The company also lowered the par value of its shares from P1.00 to P0.25, thus decreasing its authorized capital stock from Php 1,800,000,000.00 to Php 563,556,000.00.

In April 24, 2012, the Company obtained the approval of the Board of Directors to acquire 66.9% of Redstone Construction and Development Corporation (RCDC). RCDC is engaged in the business of providing hauling and other services for construction works for mining, real estate development, environmental protection & remediation, dam, dikes, flood control and reclamation including quarrying, hauling, earthmoving and heavy equipment. The acquisition is implemented through subscription of 25.8 million shares of RCDC’s outstanding capital stock at Php 1.50 per share.

On December 18, 2012, the Company obtained the approval of the Board of Directors to invest in 40% of the equity of First Ardent Development Corporation (FADC), a company engaged in real estate development. As of December 31, 2012, the Company owns 25.6 million shares for a total cost of Php 32.0 million.

On May 22, 2014 the Palawan property was transferred in the name of PHA.

Year 2015

On February 9, 2015, PHA completed the 51% acquisition of Concepts Unplugged Business Environment Solutions, Inc. (CUBES) amounting to Php 40.0 million.

In February 24, 2015, the PHA Board of Directors approved the increase of its ownership in RCDC from 66.9% to 80.0%. At the same time the Board approved the 2015 capital expenditure budget of RCDC amounting to Php 366.55 million for the acquisition of additional 44 trucks and 36 heavy equipment. These will be used for its new mining contract with Cagdianao Mining Corporation (CMC), Benguet Nickel Mining Corp. (BNMI) and

Marcventures Mining & Development Corp. (MMDC) to service the additional volume (WMT).

On May 11, 2015, the Securities and Exchange Commission (SEC) approved PHA's application for conversion of 133,511,111 at Php 0.36 per share or Php 48.064 million corresponding to PHA's convertible loan agreements issued on 2012.

In June 04, 2015, PHA bought 55% of Goshen Land Capital Inc. (GLCI) for Php 440.0 million, Php 140.0 million secondary and Php 300.0 million primary. GLCI is a premier real estate development company in Northern Luzon based in Baguio City. GLCI was incorporated in April, 2007 with an authorized capital stock of Php 250.0 million broken down into Php 100.0 million common shares and Php 150.0 million of preferred shares. An increase in authorized capital stock has already been filed with the SEC.

On June 24, 2015, PHA Board of Directors approved the issuance of Exchangeable Notes via private placement consisting of Php 350.0 million (Main Tranche for on going expansion plans and an Optional Tranche of Php 250.0 million to accelerate certain strategic development in the existing businesses as well as new acquisitions.

In July 29, 2015, the Board of Directors of PHA approved the stock rights offering with accompanying nil-paid detachable warrants. The proceeds will be used mainly for capital expenditures of CUBES and development expenses for the Palawan property. Each shareholder shall be entitled to one (1) right share for every ten (10) common shares held as of record date at offer price of Php 0.45 per share. The detachable warrants shall entitle the holder to subscribe to one (1) share at an exercise price of Php 1.20 per share exerciseable from January 1, 2018 to December 31, 2018. In addition to the stock rights offer, the Board also approved an additional 150 million warrants to be offered to existing investors in connection with the option to increase the offering of the Exchangeable Notes by Php 250.0 million or a top-up offering of up to same amount. It will have the same terms and conditions as the warrants issued from the stock rights offer.

On October 5, 2015, the placement of Php 400.0 million Exchangeable Notes was completed which included an oversubscription of Php 50.0 million on the Php 350.0 million Main Tranche. The excess of Php 50.0 million triggered the Optional Tranche and the proceeds will be used for the initial development initiative of its Palawan property.

In October 20, 2015, PHA announced the Stock Rights Offering tentatively scheduled for October has been moved to a later date pending approval by the SEC.

On December 11, 2015, the Board approved the increase in authorized capital stock from Php 564.556 million consisting of 2,254.224 million common shares with a par value of Php 0.25 per share to Php 750.00 million consisting of 3,000 million common shares at Php 0.25 per share to be implemented by way of stock rights offering previously approved.

In December 14, 2015, SEC approved the request for exemption from registration requirements of the 199,048,088 unclassified common shares with a par value of Php 0.25 per share to be issued out of the increase in authorized capital stock by way of a stock rights offering as previously approved.

Year 2016

In March 16, 2016, the Company sold its shareholdings in First Ardent Development Corporation (FADC) for Php 45.0 million.

On August 9, 2016 the Company established a 100% subsidiary West Palawan Premiere Development Corp. (WPPDC) to subsidarize the land holdings PHA owned. WPPDC has an authorized capital stock of Php 700.0 million, subscribed capital of Php 175.0 million and a paid-up capital of Php 43.75 million. The primary purpose of WPPDC is a real estate development company initially focused on Puerto Princesa Palawan.

Year 2017

In January, 2017, WPPDC acquired an additional 5-hectare beachfront property in Nagtabon to complement its landmark beachfront development attraction. On August 3, 2018, in line with its planned development in Nagtabon, WPPDC has signed a Memorandum of Agreement with the Dusit Group for potential participation and partnership for the development of the tourism estate project.

Year 2018

In 2018, PHA entered into a Memorandum of Agreement (MOA) with the shareholders of Pyramid Hill Mining & Industrial Corp. (PHMIC) and Palawan Star Mining Ventures, Inc. (PSMVI) which gives the PHA the sole and exclusive right to acquire shares of up to 100% of the total issued and outstanding common shares of PHMIC and PSMVI. PHA subsequently assigned its rights to Premiere Georesources and Development Inc. (PGDI) formerly Redstone Construction and Development Corp., a majority-owned subsidiary.

On March 20, 2018, the BOD of the Parent Company has approved property dividend consisting of 268.0 million shares of stock with the new par value of Php 0.10 per share of the Parent Company's subsidiary, Premiere Georesources and Development Inc. (PGDI) and a cash dividend of Php 0.001482 per share or a total of Php 2.95 million to be applied to the payment of any applicable withholding taxes on the property and cash dividends so declared.

Furthermore, the BOD of the PHA also approved the grant of 268.0 million detachable nil-paid warrants that will entitle the warrant holder to acquire one PGDI share from the PHA for each warrant held. The warrants shall be applied for listing in the PSE. As at December 31, 2018, the SEC approval on the property and cash dividends is still pending.

Furthermore, the BOD of PGDI approved the amendment of the Parent Company's Articles of Incorporation. The amendment includes the following:

- a.) Change of name from Redstone Construction & Development Corporation to Premiere Georesources and Development, Inc.
- b.) Amendment of primary and secondary purposes;
- c.) Change in number of directors from five (5) to nine (9);
- d.) Additional provisions regarding pre-emptive rights and lock-up requirements; and
- e.) Increase in the authorized capital stock from Php 100.00 million divided into 100.00 million shares with par value of Php 1 per shares, to Php 650 million divided into 6.5 billion shares with par value of Php 0.10 per share.

Out of the Php 550.00 million increase in authorized capital stock, Php 137.5 million worth of shares were subscribed of which Php 55.0 million was fully paid through stock dividends and

Php 82.5 million was paid through conversion of advances to equity. The amendment was approved on September 13, 2018 by the SEC.

Furthermore, PGDI entered into a Deed of Assignment (DOA) with PHMIC and PSMVI wherein PGDI assigned advances to PHMIC and PSMVI amounting to Php 220.00 million and Php 170.00 million, respectively, for conversion to equity through application of advances as payment for PGDI subscription. The valuation of advances converted to equity was approved by the SEC on July 11, 2018.

On August 28, 2018, the BOD of the Parent Company approved the conversion of its advances to PGDI to equity shares allowing PGDI to own up to 100% of PHMIC and PSMVI. As of December 31, 2018, PGDI has acquired 98.88% of PHMIC and 98.55% of PSMVI through conversion of its advances to equity amounting to Php 220.0 million and Php 170.0 million, respectively. The valuation of advances converted to equity was approved by the SEC on November 20, 2018.

In connection with the planned listing by way of introduction of PGDI and the attendant SEC guidelines requiring a minimum public ownership of 20% for companies applying for listing, the Parent Company has completed the private placement of 523.0 million PGDI shares owned by the Parent Company, representing 9.6% of PGDI's 5,454.0 million outstanding shares. As at December 31, 2018, the transaction closing documents are still being completed.

PHA has the following subsidiaries and affiliates:

- a) Premiere Georesources and Development, Inc. (formerly Redstone Construction and Development Corporation (RCDC)) – its primary purpose is to engage in, conduct, manage, operate, and carry on business of construction works for mining, real estate development, environmental protection and remediation, dam, dikes, flood control, and reclamation and to engage in quarrying, hauling, earthmoving, and heavy equipment rentals and all other earthmoving works.
- b) West Palawan Premiere Development Corp (WPPDC) – its primary purpose is to acquire by purchase, lease, donation, or otherwise and own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise real estate of all kinds, whether improve, manage or otherwise dispose of buildings, houses, equipment, and other structures of whatever kind, together with their maintenances.
- c) Goshen Land Capital Inc. (GLCI) – GLCI is engaged in real estate development in Northern Luzon based in Baguio City. Incorporated in 2007, Goshen focused initially on residential subdivisions in prime locations all over the city. To further provide affordable yet quality homes for the ordinary Filipino, Goshen added master planned condominium communities in its home offerings. These maximized land use and better living for residents because Goshen's master-planned communities provide security, commercial convenience access and property management.
- d) Concepts Unplugged Business Environment Solutions, Inc. (CUBES) - CUBES is engaged in the business of providing refrigeration to established cold storage facilities through a patented ThermoChiller system developed in the United States. The technology will be deployed as off-grid installations that will utilize alternative fuel sources, specifically biomass, thereby contributing to

environmental sustainability by diminishing the dependence on fossil fuels and the electricity grid.

- e) Digiwave Solutions Inc.- DSi (formerly Digigames Inc.-DSi) – primarily engaged in information technology which includes production, development, wholesale and distribution of computer software intended for gaming and production, importation, or exportation for sale on wholesale basis of computer parts, peripherals, other external devices, and communication devices.
- f) PH Big Bounty Entertainment, Inc., Premiere Horizon Business Services, Inc. (Formerly La Prima Hotel Imperiale, Inc.), PH Agriforest Corporation, PH Mining and Development Corporation– the foregoing subsidiaries are still in their pre-operating stages.
- g) Premiere e-Teleservices, Inc. (PeTI) – This subsidiary is in the process of liquidation.

The Group revenues in 2018 came from the activities of the subsidiaries Redstone Construction and Development Corporation, Goshen Land Capital, Inc. (GLCI), and West Palawan Premiere Development Corp. The Group revenue breakdown are follows:

Revenues	2018	Percent %
(In Php Millions)		
Sale of Real Estate	294.93	61.42%
Hauling and Mineral Extraction	182.71	38.05%
Service Income	2.56	0.53%
Total Revenues	480.20	100%

Competitive Situation in 2018

PHA continued to pursue its vision and mission of invigorating the countryside in 2017 by strategically focusing on infrastructure and tourism.

Its subsidiary West Palawan Premiere Development Corp. (WPPDC) completed the final planning stages for an integrated township development that brings together serene nountaiside and beachfront resorts and residential projects. It has also acquired a five (5) hectare beachfront property in Nagtabon, Puerto Princesa and is finalizing a comprehensive beachfront development plan.

PGDI continued its extraction and hauling contract with Cagdianao Mining Corp. (CMC).

Goshen Land Capital Inc. (GLCI) expects to complete its various projects, horizontal and vertical.

PHA is likewise looking at new projects in renewables and infrastructure that is aligned with the Build Build Build thrust of the government.

Risk Factors

The price of securities can and does fluctuate and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses rather than profit may be incurred as a result of buying and selling securities. Past performance is not a guide to future performance. There is an extra risk of losing money when securities are bought from smaller companies. There may be a big difference between the buying and selling price of these securities. An investor deals in a range of investments each of which may carry a different level of risk.

Prior to making an investment decision, interested stockholders may carefully consider, along with other matters set out in this report, the following investment considerations or risk factors listed in order of importance, and which are not intended to be exclusive.

The risks of the Company's businesses are the following:

Hauling and Mining

The prospects of the hauling and mining business of PGDI remain very profitable. The weather in Surigao continues to be the primary concern of PGDI operation in CMC and MMDC sites in the aforementioned province. However with the El Nino, PGDI was able to start its operations in Surigao in latter part of March 2016. Although there is a big decrease in Nickel prices in the world market, this does not directly affect PGDI because it is a service firm and gets paid for the hauling services. The same rate applies.

Real Estate

The 17 projects will be completed based on the revised schedule dates. In 2017, 5 projects will be completed and another 7 projects by 2018. The ability to match the funding requirements to complete the projects is crucial as well as the ability of the contractors to deliver the stage of completion of each project based on projected completion targets.

Cold Storage/ThermoChiller

The technology significantly reduces operating costs arising from high electricity bills and recurring equipment repair expenses. This modular system is scalable, easily replicable and has been deployed in numerous sites in the US for the past 15 years.

The technology will be deployed as off-grid installations that will utilize alternative fuel sources, specifically biomass, thereby contributing to environmental sustainability by diminishing the dependence on fossil fuels and the electricity grid. Inherent risk for this business is if electricity cost suddenly dives down. But with the current electricity supply in the country, this is still a far-fetched possibility.

Inherent Business Risk

The Company's revenue from the hauling business is dependent on its client's ability to continuously maintain substantial stockpile for shipment to their buyers. This is largely dependent on the weather conditions on the site.

On the real estate business, the ability to sell and deliver the units to its buyers is a big factor in generating its revenues. The company's objective is to complete its existing 17 projects and look at the expansion to new projects in 2017.

The thermo chiller/cold storage business revenue is subject to fluctuation in the cost of electricity since the revenue is based on the savings the client generates in relation to its cost of electricity on a monthly basis. But in addition to the electricity savings, the client will also save in monthly maintenance cost as well as in the MCR equipment maintenance and replacement.

Political and Economic Conditions

In general, the profitability of the Company depends on a large extent on the overall level of business and economic activity in the country, which in turn, is affected by political and economic factors. Any political or economic instability in the future may have a negative effect on the industries served by the Company.

Taxation

Laws may be enacted increasing existing tax rates or creating new taxes that would affect the Company. On the other hand, laws may also be enacted decreasing existing tax rates or rendering certain taxes inapplicable to the Company.

Foreign Currency Fluctuation

Future changes in the value of the peso against the US dollar or other currencies will affect the foreign currency equivalent of the value of the shares of the Company and any dividends. Such fluctuations will also affect the amount in foreign currency received upon conversion of cash dividends or other distributions paid in pesos by the Company on, and the peso proceeds received from any sales of, the shares.

Any potential restrictions which may be imposed by the Bangko Sentral ng Pilipinas (“BSP”), with the approval of the President of the Philippines, on the availability of foreign exchange may unduly affect the trading of the Company’s shares and any dividend distribution. As a result, although foreign investors will be able to sell their shares on the PSE, the repatriation of proceeds of sale or dividends, if coursing through the Philippine banking system, cannot be effected until registration with the BSP has been implemented. The Company is not responsible for the registration with the BSP or custodian banks of such non-residents’ subscriptions or purchases of Shares.

Development in other emerging market countries may adversely affect the Philippine economy and the market price of the Shares

In the past, the Philippine economy and the securities of companies in the country, in different degrees, have been influenced by the economic and other relevant events in other emerging markets, particularly countries in Southeast Asia. Although economic conditions vary from country to country, the reactions of investors to adverse global developments may have a negative impact on the market price of securities in other countries, including stocks listed in the Philippine Stock Exchange (“PSE”).

Most of the Company’s shareholders are Filipinos and to the best of the Company’s knowledge, no foreign institutional funds have invested in its shares. Thus, the Company’s share price is not expected to be sensitive to capital flight by foreign institutional investors in case of an economic crisis abroad.

Indirect Foreign Ownership Limitations

The percentage of foreign-owned voting stocks in a corporation is determined by the citizenship of its stockholders. The citizenship of corporation that is a stockholder in a corporation follows the citizenship of the controlling stockholders of the corporation irrespective of its place of incorporation. Under the present rulings of the SEC, shares belonging to corporations or partnerships at least sixty percent (60%) of the capital of which is owned by Filipino citizens shall be considered as a Philippine nationality, but if the percentage of Filipino ownership in the corporation or partnership is less than sixty percent (60%), only the number of shares corresponding to such percentage shall be counted as Philippine nationality.

Accordingly, the Company cannot allow the issuance or the transfer of shares, and cannot record any issuance or transfers in the books of the Company, if such issuance or transfer would result in the Company breaching applicable foreign ownership restrictions. It must be noted, however, that the Company is currently not subject to any foreign ownership restrictions.

With all these inherent and business risks, the Company maintains a strong internal control environment, to mitigate, if not eliminate, some of the risks. It is the end goal of the management to minimize these risks and achieve operating profitability.

Transactions with and/or dependence on related parties

Other significant transactions with related parties are as follows:

- 1.) The Parent Company has extended loans and advances to its subsidiaries. The loans and advances are due and payable on demand.
- 2.) In December 2016, the Parent Company acquired certain parcels of land amounting to PHP 15.71 million which were subsequently sold to WPP for a total consideration amounting to PHP 103.02 million resulting in a gain amounting to Php 87.31 million.
- 3.) In 2018, 2017, and 2016, the Company earned service and management fees amounting to Php 13.66 million, Php 13.19 million, and Php 8.10 million, respectively, for the services rendered to RCDC and GLCI.
- 4.) In December 2017, the Parent Company sold its investment property located in Bacungan, Puerto Princesa, Palawan to WPP for a total consideration of Php 450 million.

Patents, Trademarks, Copyrights, Licenses, Franchises, Concessions and Royalty Agreements

The Company has copyrighted sixty-five (65) of its titles with the National Library. The Certificate of Copyright Registration shall remain in force for fifty (50) years from publication, and if unpublished, from the date of making of the work. The Company receives royalties from the exhibition of its films.

The Company has no registered patent or trademark.

Development activities and Future Prospects

“Invigorating the Countryside”

Premiere Horizon Alliance Corporation is an investment holding company that maximizes corporate value by seeking to focus on projects that invigorate countryside development in preparation for the ASEAN Economic Community (AEC) integration beginning 2015.

The Philippines, being composed of more than 7,000 islands, presents major obstacles to the development of the country as a whole. The countryside is left behind with much inefficiencies and gaps.

“Where there are gaps, there are opportunities.”

Addressing these unfilled requirements through profitable, recurring, replicable and scalable businesses will not only help the locals in a sustainable way, but will also facilitate in the development of the nation as a whole while driving up PHA shareholder value.

On the tourism and infrastructure side, WPPDC shall embark on the development of its beachfront property and tourism estate while on the infrastructure side, it shall invest in 85% of two MPSA companies covering 10,384 hectares of commercial quantity limestone for cement production. On the hauling and extraction business, RCDC will continue to excel and provide high quality service.

Employees

As of December 31, 2018, PHA has 9 employees while PGDI has 69 regular employees. PGDI employs 330 contractual or project personnel during the mining season.

Item 2. Description of Property

PHA purchased its present office headquarters at Unit 1705 East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City on August 14, 2014.

The Company has accumulated a total of four hundred thirty-eight (438) titles in its Film Library since December 31, 2003, with a total production and acquisition cost of Php235.8 million.

On May 22, 2014, PHA completed the transfer of the foreclosed 500 hectare property in Brgy. Bacungan, Puerto Princesa, Palawan in its name. The land is currently valued at Php 399.95million. The land in Palawan are carried at fair value. The Company through its subsidiary WPPDC has acquired a 5-hectare beachfront property in Nagtabon Puerto Princesa.

As of December 2018, the hauling and mineral extraction operation of PGDI has 39 heavy equipment, 89 dump trucks and 6 service vehicles.

Item 3. Legal Proceedings

Digiwave Solutions Inc. is currently involved in two (2) cases pending before the courts, these are::

1) Digiwave Solutions Inc. is the defendant in a civil case for damages filed by E-MPA Fires docketed as E-MPA Fires vs. DSI, Q-10-68354, QC RTC 88

a. The defense is scheduled to present its next witness, Atty. Stephen E. Cascolan, on the next hearing date.

2) Digiwave Solutions Inc. is the defendant in a civil case before Pasig MTC Branch 68 docketed as Lipana vs. DSI. civil case no. 19315.

a. The proceedings before the MTC has been suspended due to the filing of a Petition for Review before the RTC of Pasig City.

b. The Petition for Review questions the Court's order disallowing DSI to present its witnesses because of its failure to file the Judicial Affidavits of its witnesses.

c. The respondents have repeatedly failed to file their comment/answer to the Petition.

d. At the last hearing on 19 April 2018, the respondent, again, failed to appear.

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

No matter was submitted during the fourth quarter of the fiscal year covered by this Report to a vote of security holders, through the solicitation of proxies or otherwise.

PART II – OPERATION AND FINANCIAL INFORMATION

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

(1) Market Information

The common shares of the Company are traded on the Philippine Stock Exchange ("PSE") under the symbol "PHA". The Company's price information as of December 29, 2018 is Php 0.325.

The following table indicates the quarterly high and low sale price of the Company's common shares as reported on the PSE for the years 2016–2018.

	HIGH			LOW		
	2018	2017	2016	2018	2017	2016
1 st Quarter	0.46	0.44	0.44	0.4350	0.43	0.42
2 nd Quarter	0.36	0.40	0.43	0.3250	0.39	0.42
3 rd Quarter	0.3950	0.39	0.42	0.3750	0.39	0.41
4 th Quarter	0.33	0.36	0.47	0.3200	0.35	0.44

(2) Holders

As of 31 December 2018, there were 118 shareholders of record of PHA's common shares and listed below are the top twenty (20) common shareholders, including their nationalities, number of shares held, and the approximate percentages of their respective shareholdings to PHA's total outstanding common stocks:

SHAREHOLDERS' NAME	NATIONALITY	HOLDINGS	RANK
PCD Nominee Corporation	Filipino	1,645,195,876	82.65%
PCD Nominee Corporation (non-Filipino)	Foreign	126,226,303	6.34%
Siso M. Lao	Filipino	55,000,000	2.76%
Augusto C. Serafica, Jr.	Filipino	70,000.001	3.52%
Teofilo Henson	Filipino	50,000,000	2.51%
S CAPITAL CORP.	Filipino	36,000,000	1.81%
ANTONIO ONG	Filipino	1,500,000	0.08%
RENATO Y. CHUA	Filipino	1,050,000	0.05%
ERNESTO B. LIM	Filipino	1,000,000	0.05%
RAUL A. ALON	Filipino	500,000	0.03%
LILY ROSE DE LEON	Filipino	475,000	0.02%
SHIRLEY Y. SEE	Filipino	300,000	0.02%
PHILIP Z. DABAO	Filipino	200,000	0.01%
LEONCIO TAN TIU	Filipino	200,000	0.01%
LOLITA S. PAMA	Filipino	150,000	0.01%
CANDICE CHOA COCUACO	Filipino	130,000	0.01%
ARTEMIO TUANO ENGRACIA	Filipino	125,000	0.01%
TEE LING KIAT &/OR LEE LIN HO	Filipino	115,000	0.01%
TEODORA G. YU	Filipino	100,000	0.01%
VIRGINIA D. SEANGIO	Filipino	100,000	0.01%
 TOTAL TOP 20 SHAREHOLDERS		1,988,367,180	99.89%
 TOTAL OUTSTANDING SHARES		1,990,480,889	

(3) Dividends

On March 20, 2018, the BOD has approved property dividend consisting of 268.0 million shares of stock with the new par value of Php 0.10 per share of the Parent Company's subsidiary, Premiere Georesources and Development Inc. (PGDI) and a cash dividend of Php 0.001482 per share or a total of Php 2.95 million to be applied to the payment of any applicable withholding taxes on the property and cash dividends so declared.

Under the By-Laws of the Company, dividends shall be declared only from surplus profits and shall be payable at such time and in such amounts as the Board of Directors shall determine as they deem proper; Provided, however, that no stock dividends shall be issued without the approval of the stockholders representing not less than two-thirds (2/3) of all stock then outstanding and entitled to vote at a general meeting of the Company or at a special meeting called for the purpose. No dividends shall be declared that impair the capital of the Company. Other than the aforesaid, there are no other restrictions that would limit or would likely to limit in the future the ability of the company to pay dividends on common equity.

(4) Recent Sales of Unregistered or Exempt Securities, Including recent Issuance of Securities Constituting an Exempt Transaction

I. Conversion of Notes

On May 11, 2015, the SEC approved the application of PHA for the issuance of 133,511,111 common shares with a value of Php 0.36 per share by way of conversion of loans amounting to Php 48.064 million as exempt from the registration requirements of SEC.

II. Stock Rights

In December 14, 2015, the SEC Markets and Securities Regulation Department approved the request of PHA for exemption from registration of the 199,048,088 shares unclassified common shares with a par value of Php 0.25 per share. This will be issued out of the increase in authorized capital stock by way of stock rights offering.

III. Subscription by Regular Directors

On December 15, 2011 the majority of the board of directors authorized the subscription by three (3) of its regular directors to one hundred seventy five million (175,000,000) of the Company's unissued common shares at a subscription price of P0.30 per share or at P0.05 above par value. The three (3) subscribing directors are: Mr. Augusto Serafica, Jr., Mr. Siso M. Lao and Mr. Teofilo A. Henson. The subscribing directors did not vote during the meeting when their offer to subscribe to the unissued shares was approved.

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

MANAGEMENT REPORT

(A) Management's Discussion and Analysis and Plan of Operation

Our discussions in the foregoing sections of this report may contain forward-looking statements that reflect our current views with respect to the Group's future plans, events, operational performance, and desired results. These statements, by their very nature, contain substantial elements of risks and uncertainties. Actual results may be different from our forecasts.

Furthermore, the information contained herein should be read in conjunction with the accompanying audited consolidated financial statements and related notes. Our financial statements, and the financial discussions below, have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Plan of Operations for Year 2018

West Palawan Premiere Development Corp. (WPPDC)

WPPDC was incorporated in August 9, 2016 as a 100% owned subsidiary of PHA. It shall own the 500 hectares in Brgy. Bacungan Puerto Princesa plus the other properties transferred by the other subsidiaries. In 2018, WPPDC will embark on the development of its 5-hectare Nagtabon property

Redstone Construction and Development Corporation (RCDC).

RCDC will continue to service its two (2) principal clients in Surigao. It shall maintain its existing fleet of 39 heavy equipment, 89 dump trucks and about 15 service vehicles to service the requirement of its clients.

Concepts Unplugged Business Environment Solutions, Inc. (CUBES)

The 51% investment in CUBES was completed in January 2015. The projected volume of business for 2016 is around 720 tons of refrigeration (TR) in Nine (9) sites around the country..

Other Developmental Business Activities/ Subsequent Events.

In March 2018, the Board of Directors of the Company has approved the equity investment in 2 Mineral Production Sharing Agreements (MPSAs) companies in Palawan covering approximately 10,384 hectares of probable commercial quality limestone deposits.

The Group continues to identify other businesses that will generate more revenues. It is now looking at various business opportunities in energy and other tourism-related industries.

Discussion and analysis of the Group and its majority-owned subsidiaries' top five (5) key performance indicators, including the manner by which the Group calculates or identify the indicators on a comparative basis.

The Group, with its subsidiaries, uses the following key performance indicators:

- 1) Revenues
- 2) Net Income (Loss) From Continuing Operation
- 3) Debt- to- Equity Ratio
- 4) Current Ratio
- 5) Return on Assets

Using the Debt-to-Equity Ratio as indicator, the Group computes the following in the manner presented below:

$$\text{Debt-to-Equity} = \frac{\text{Total Liabilities}}{\text{Total Stockholders' Equity}}.$$

Using Current Ratio as indicator, the Group computes the following in the manner presented below:

$$\text{Current Ratio} = \frac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$$

Using Return on Investments as indicator, the Group computes the following in the manner presented below:

$$\text{Return on Assets} = \frac{\text{Net Income}}{\text{Book Value of Assets}}$$

Presented below is the comparative table of the Group's performance for the years 2018 and 2017, 2016, respectively.

		December 31		YoY Change
		Audited 2018	Audited 2017	
1	Revenues	480,203,681	728,653,757	(248,450,076)
2	Net Income (Loss)	(374,466,876)	39,163,499	(413,630,375)
3	Debt -to- Equity Ratio	3.80:1	3.09:1	0.71
4	Current Ratio	1.50:1	1.88:1	(0.38)
5	Return On Assets	(0.10):1	0.01:1	(0.11)

		December 31		YoY Change
		Audited 2017	Audited 2016	
1	Revenues	728,653,757	911,139,516	(182,485,759)
2	Net Income	39,163,499	47,360,874	(8,197,375)
3	Debt -to- Equity Ratio	3.09:1	2.99:1	0.10
4	Current Ratio	1.88:1	1.37:1	0.51
5	Return On Assets	0.01:1	0.01:1	-

The Group revenues in 2018 amounted to Php 480.20 million which is Php 248.45 million or 34.10% lower than the 2017 Group revenue of P 728.65 million.

The Group revenues in 2017 amounted to Php 728.65 million which is Php 182.49 million or 20.03% lower than the 2016 Group revenue of P 911.14 million.

II. Net Income

The Group net income in 2018 amounted to Php (374.47) million which is Php (413.63) million or (1,056.16)% lower than the 2017 Group net income of 39.16 million.

The Group net income in 2017 amounted to Php 39.16 million which is Php 8.20 million or 17.31% lower than the 2016 Group net income of 47.36 million.

III. Debt to Equity Ratio

The Group debt to equity ratio in 2018, 2017, and 2016 amounted to 3.80:1, 3.09:1, and 2.99:1, respectively.

IV. Current Ratio

The Group current ratio in 2018, 2017, and 2016 amounted to 1.50:1, 1.88:1, and 1.37:1, respectively.

V. Return on Assets (ROA)

The Group return on assets for 2018, 2017, and 2016 amounted to (0.10):1, 0.01:1, and 0.01:1, respectively.

Results of Operations for the last three (3) years

2018

During the years 2018, 2017, and 2016, the Group recorded a net income of Php (374.47) million, Php 39.16 million, and Php 47.36 million, respectively. The following are the details of the Company's income statement accounts:

- The Group real estate sales in 2018 and 2017 amounted to Php 182.71 million and Php 479.48 million, respectively, which shows a decrease of Php 296.76 million or 61.89%. In 2018, there was a further slowdown in GLCI's real estate sales and construction works which resulted in the aforesaid decrease.
- The Group mining service revenue in 2018 and 2017 amounted to Php 294.93 million and Php 247.14 million, respectively, which shows an increase of Php 47.79 million or 19.34%. In 2018, PGDI's increase in mining service revenue resulted from the increase in tonnages it served.

- The Group service income in 2018 and 2017 amounted to Php 2.56 million and Php 1.65 million, respectively, which shows an increase of Php 0.91 million or 55.20%. The increase came from resort operations of TCNBI, a wholly-owned subsidiary of WPP.
- The Group film rights in 2018 and 2017 amounted to Php –nil- and 0.39 million, respectively. There were no film rights sold for 2018.
- The Group cost of real estate sales in 2018 and 2017 amounted to Php 172.51 million and Php 289.05 million, respectively, which shows a decrease of Php 116.54 million or 40.32%. As previously stated, there was a further slowdown in GLCI's real estate constructions which resulted in the aforesaid decrease.
- The Group costs of services in 2018 and 2017 amounted Php 203.30 million and Php 221.33 million, respectively, which shows a decrease of Php 18.03 million or 8.15%. The net decrease primarily came from the higher salaries & wages, pension expenses, and repairs and maintenance, and the lower rentals and utilities, fuel and oil, and miscellaneous expenses.
- The Group depreciation and amortization in 2018 and 2017 amounted to Php 89.69 million and Php 85.11 million, respectively, which shows an increase of Php 4.58 million or 5.38%. The increase primarily came from the additional depreciation and amortization charges in 2018. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 56.11 million, and General and Administrative – Php 33.58 million.
- The Group personnel costs in 2018 and 2018 amounted to Php 110.53 million and Php 108.64 million, respectively, which shows an increase of Php 1.89 million or 1.74%. There was no material change in the balance of this account. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 65.91 million, and General and Administrative Expense – Php 44.62 million.
- The Group fuel and oil in 2018 and 2017 amounted to Php 15.48 million and Php 37.74 million, respectively, which shows a decrease of Php 22.26 million or 58.99%. The decrease primarily came from the decrease in the fuel and oil requirements of PGDI. The said account is presented in the financial statements for 2018 under Cost of Services.
- The Group repairs and maintenance in 2018 and 2017 amounted to Php 47.89 million and Php 37.09 million, respectively, which shows an increase of Php 10.79 million or 29.10%. The increase primarily came from the extensive repairs and maintenance performed during the year. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 47.32 million, and General and Administrative Expense – Php 0.57 million.
- The Group taxes and licenses in 2018 and 2017 amounted to Php 17.28 million and Php 16.75 million, respectively, which shows an increase of Php 0.53 million or 3.16%. There was no material change in the balance of this account. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 5.06 million, and General and Administrative Expense – Php 12.22 million.

- The Group transportation and travel in 2018 and 2017 amounted to Php 10.13 million and Php 6.52 million, respectively, which shows an increase of Php 3.62 million or 55.52%. The increase primarily came from the additional transportation and travel requirements of PHA and PGDI. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 5.07 million, and General and Administrative Expense – Php 5.06 million.
- The Group professional and legal fees in 2018 and 2017 amounted to Php 48.69 million and Php 25.16 million, respectively, which shows an increase of Php 23.53 million or 93.54%. The increase primarily came from the additional services availed from professionals for the year 2018. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 5.25 million, and General and Administrative Expense – Php 43.44 million.
- The Group rentals and utilities in 2018 and 2017 amounted to Php 7.12 million and Php 12.28 million, respectively, which shows a decrease of Php 5.16 million or 42.04%. The decrease primarily came from lower and utilities expenses incurred by the Group. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 0.20 million, and General and Administrative Expense – Php 6.92 million.
- The Group entertainment, amusement, and recreation in 2018 and 2017 amounted to Php 5.33 million and Php 3.06 million, respectively, which shows an increase of Php 2.27 million or 54.04%. The increase primarily came from the additional entertainment, amusement, and recreation incurred by PGDI. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 2.63 million, and General and Administrative Expense – Php 2.70 million.
- The Group Commissions in 2018 and 2017 amounted to Php 27.27 million and Php 27.24 million, respectively, which shows an increase of Php 0.03 million or 0.09%. There was no material change in this account. The said account is presented in the financial statements for 2018 under General and Administrative Expenses.
- The Group outside services in 2018 and 2017 amounted to Php 3.25 million and Php 2.10 million, respectively, which shows an increase of Php 1.14 million or 54.39%. The net decrease primarily came from the lower security services incurred by PGDI and the higher security services and outside services incurred by WPP. The said account is presented in the financial statements for 2018 under General and Administrative Expenses.
- The Group supplies and materials in 2018 and 2017 amounted to Php 1.61 million and Php 2.06 million, respectively, which shows a decrease of Php 0.44 million or 21.54%. The decrease came from the lower supplies and materials requirement of the Group. The said account is presented in the financial statements for 2018 under General and Administrative Expenses.
- The Group advertising and promotions in 2018 and 2017 amounted to Php 0.97 million and Php 1.77 million, respectively, which shows a decrease of Php 0.81 million or 45.48%. The decrease primarily came from the lower advertising and promotion costs of

GLCI. The said account is presented in the financial statements for 2018 under General and Administrative Expenses.

- The Group freight and handling in 2018 and 2017 amounted to Php 1.54 million and Php 1.69 million, respectively, which shows a decrease of Php 0.15 million or 8.78%. The decrease primarily came from the lower freight and handling requirements of PGDI. The said account is presented in the financial statements for 2018 under General and Administrative Expenses.
- The Group filing and listing fees in 2018 and 2017 amounted to Php 6.63 and nil, respectively. This account represents the filing and listing fees incurred by PGDI. The said account is present in the financial statements for 2018 under General and Administrative Expenses.
- The Group other expenses in 2018 and 2017 amounted to Php 21.26 million and Php 32.80 million, respectively, which shows a decrease of Php 11.54 million or 35.19%. The decrease primarily came from the lower other expenses requirement of the Group. The said account is presented in the financial statements for 2018 as follows: Cost of Services – Php 0.28 million, and General and Administrative Expense – Php 20.98 million.
- The Group interest income in 2018 and 2017 amounted to Php 4.67 million and Php 7.16 million, respectively, which shows a decrease of Php 2.49 million or 34.72%. The decrease primarily came from the reduced cash in bank balances. The said account under Other Income (Charges).
- The Group impairment losses in 2018 and 2017 amounted to Php 158.91 million and Php 0.58 million, respectively, which shows an increase of Php 158.33 million or 27,354.30%. The increase in impairment losses came from impairments of receivables, and certain assets. The said account is presented under Other Income (Charges).
- The Group interest expense in 2018 and 2017 amounted to Php 118.11 million and Php 95.66 million, respectively, which shows an increase of Php 92.45 million or 96.64%. The increase primarily came from the additional interest-bearing loans incurred in 2018. The said account is presented under Other Income (Charges).
- The Group other income in 2018 and 2017 amounted to Php 20.15 million and Php 26.78 million, respectively, which shows a decrease of Php 6.63 million or 24.75%. The decrease primarily came from lower other income of GLCI. The said account is presented under Other Income (Charges).

2017

During the years 2017, 2016, and 2015, the Group recorded a net income of Php 39.16 million, Php 47.36 million, and Php 71.58 million, respectively. The following are the details of the Company's income statement accounts:

- The Group real estate sales in 2017 and 2016 amounted to Php 479.48 million and Php 605.42 million, respectively, which shows a decrease of Php 125.94 million or

20.80%. In 2017, there was a slowdown in GLCI's real estate constructions which resulted in the aforesaid decrease.

- The Group mining service revenue in 2017 and 2016 amounted to Php 247.14 million and Php 297.83 million, respectively, which shows a decrease of Php 50.69 million or 17.02%. In 2017, there was a slowdown in RCDC's mining operations which resulted in the aforesaid decrease.
- The Group service income in 2017 and 2016 amounted to Php 1.65 million and Php 7.88 million, respectively, which shows a decrease of Php 6.23 million or 79.08%. In 2017, the operations of CUBES were suspended which resulted in the aforesaid decrease.
- The Group film rights in 2017 and 2016 amounted to Php 0.39 million and -nil-, respectively. In 2017, the Company sold one of its film rights which resulted in the aforesaid revenue. There were no film rights sold for 2016.
- The Group cost of real estate sales in 2017 and 2016 amounted to Php 289.05 million and Php 380.42 million, respectively, which shows a decrease of Php 91.37 million or 24.02%. As previously stated, there was a slowdown in GLCI's real estate constructions which resulted in the aforesaid decrease.
- The Group costs of services in 2017 and 2016 amounted Php 221.33 million and Php 259.88 million, respectively, which shows a decrease of Php 38.55 million or 14.84%. As previously stated, there was a slowdown in RCDC's operations and a suspension of CUBES' operations which resulted in the aforesaid decrease.
- The Group depreciation and amortization in 2017 and 2016 amounted to Php 85.11 million and Php 112.47 million, respectively, which shows a decrease of Php 27.36 million or 24.33%. The decrease primarily came from the change in useful life of certain depreciable assets. The said account is presented in the financial statements for 2017 as follows: Cost of Services – Php 57.52 million, and General and Administrative Expense – Php 27.59 million.
- The Group personnel costs in 2017 and 2016 amounted to Php 108.64 million and Php 112.73 million, respectively, which shows a decrease of Php 4.09 million or 3.63%. The decrease primarily came from the suspension of operations CUBES. The said account is presented in the financial statements for 2017 as follows: Cost of Services – Php 57.00 million, and General and Administrative Expense – Php 51.64 million.
- The Group fuel and oil in 2017 and 2016 amounted to Php 37.75 million and Php 50.65 million, respectively, which shows a decrease of Php 12.90 million or 25.47%. The decrease primarily came from the slowdown in RCDC's operations. The said account is presented in the financial statements for 2017 under Cost of Services.
- The Group repairs and maintenance in 2017 and 2016 amounted to Php 37.09 million and Php 33.36 million, respectively, which shows an increase of Php 3.73 million or 11.18%. The increase primarily came from the extensive repairs and maintenance performed during the year. The said account is presented in the financial statements for 2017 as follows: Cost of Services – Php 36.59 million, and General and Administrative Expense – Php 0.50 million.

- The Group taxes and licenses in 2017 and 2016 amounted to Php 16.75 million and Php 12.38 million, respectively, which shows an increase of Php 4.37 million or 35.30%. The increase primarily came from the higher taxable base and bracket used to compute taxes and licenses for the year 2017. The said account is presented in the financial statements for 2017 as follows: Cost of Services – Php 10.98 million, and General and Administrative Expense – Php 5.77 million.
- The Group transportation and travel in 2017 and 2016 amounted to Php 6.51 million and Php 14.87 million, respectively, which shows a decrease of Php 8.36 million or 56.22%. The decrease primarily came from the reduced transportation and travel requirements for the year 2017. The said account is presented in the financial statements for 2017 as follows: Cost of Services – Php 1.71 million, and General and Administrative Expense – Php 4.80 million.
- The Group professional and legal fees in 2017 and 2016 amounted to Php 25.16 million and Php 43.29 million, respectively, which shows a decrease of Php 18.13 million or 41.88%. The decrease primarily came from the reduced services availed from professionals for the year 2017. The said account is presented in the financial statements for 2017 as follows: Cost of Services – Php 4.50 million, and General and Administrative Expense – Php 20.66 million.
- The Group rentals and utilities in 2017 and 2016 amounted to Php 12.28 million and Php 19.32 million, respectively, which shows a decrease of Php 7.04 million or 36.44%. The decrease primarily came from the slowdown and suspension of operations. The said account is presented in the financial statements for 2017 as follows: Cost of Services – Php 3.83 million, and General and Administrative Expense – Php 8.45 million.
- The Group entertainment, amusement, and recreation in 2017 and 2016 amounted to Php 3.07 million and Php 6.68 million, respectively, which shows a decrease of Php 3.61 million or 54.04%. The decrease primarily came from the slowdown and suspension of operations. The said account is presented in the financial statements for 2017 as follows: Cost of Services – Php 2.47 million, and General and Administrative Expense – Php 0.60 million.
- The Group Commissions in 2017 and 2016 amounted to Php 27.24 million and Php 37.50 million, respectively, which shows a decrease of Php 10.26 million or 27.36%. The decrease primarily came from the slowdown and suspension of operations. The said account is presented in the financial statements for 2017 under General and Administrative Expenses.
- The Group outside services in 2017 and 2016 amounted to Php 2.10 million and Php 3.25 million, respectively, which shows a decrease of Php 1.15 million or 35.38%. The decrease primarily came from the slowdown and suspension of operations. The said account is presented in the financial statements for 2017 under General and Administrative Expenses.
- The Group supplies and materials in 2017 and 2016 amounted to Php 2.06 million and Php 0.67 million, respectively, which shows an increase of Php 1.39 million or 207.46%. The increase primarily came from the increased operational requirements. The said

account is presented in the financial statements for 2017 under General and Administrative Expenses.

- The Group advertising and promotions in 2017 and 2016 amounted to Php 1.77 million and Php 4.77 million, respectively, which shows a decrease of Php 3.00 million or 62.89%. The decrease primarily came from the slowdown and suspension of operations. The said account is presented in the financial statements for 2017 under General and Administrative Expenses.
- The Group freight and handling in 2017 and 2016 amounted to Php 1.69 million and Php 0.88 million, respectively, which shows an increase of Php 0.81 million or 92.05%. The increase primarily came from the increased operational requirements. The said account is presented in the financial statements for 2017 under General and Administrative Expenses.
- The Group other expenses in 2017 and 2016 amounted to Php 32.80 million and Php 16.68 million, respectively, which shows an increase of Php 16.12 million or 96.64%. The increase primarily came from the increased operational requirements. The said account is presented in the financial statements for 2017 as follows: Cost of Services – Php 11.10 million, and General and Administrative Expense – Php 21.70 million.
- The Group interest income in 2017 and 2016 amounted to Php 7.16 million and Php 13.94 million, respectively, which shows a decrease of Php 6.78 million or 48.64%. The decrease primarily came from the reduced cash in bank balances. The said account under Other Income (Charges).
- The Group change in fair value of investment property in 2017 and 2016 amounted to Php –nil- and Php 158.94 million, respectively. There were no changes in fair value of investment property in 2017. The said account is presented under Other Income (Charges).
- The Group sale of asset held for sale in 2017 and 2016 amounted to Php –nil- and Php 10.26 million, respectively. There were no sale of asset held for sale in 2017. The said account is presented under Other Income (Charges).
- The Group impairment losses in 2017 and 2016 amounted to Php 0.58 million and Php 3.48 million, respectively, which shows a decrease of Php 2.90 million or 83.33%. There were fewer and lower assessments for impaired assets in 2017. The said account is presented under Other Income (Charges).
- The Group interest expense in 2017 and 2016 amounted to Php 95.66 million and Php 129.79 million, respectively, which shows a decrease of Php 34.13 million or 26.30%. The decrease primarily came from the increased capitalization of borrowing costs in 2017. The said account is presented under Other Income (Charges).
- The Group other income in 2017 and 2016 amounted to Php 26.78 million and Php 6.88 million, respectively, which shows an increase of Php 19.90 million or 289.24%. The increase primarily came from additional income earned from other sources. The said account is presented under Other Income (Charges).

2016

Redstone Construction And Development Corporation (RCDC), a mining service subsidiary, gave 12-month-revenues in 2016 as well as in 2015. Concepts Unplugged Business Environment Solutions, Inc. (CUBES) gave twelve (12) and three (3) months revenues to the group in years 2016 and 2015, respectively. Goshen Land Capital, Inc (GLCI), a real estate subsidiary, gave twelve (12) and seven (7) months revenue to the group in 2016 and 2015, respectively. In 2016, West Palawan Premiere Development Corporation, a wholly owned subsidiary, gave five (5) months revenue to the Group. The Group posted a net income of Php47.36million in 2016 from Php71.58million of 2015 showing a 51%. The following were the major changes in the Company's income statements accounts from continuing operations:

- The Group mining service revenue in 2016 amounted to Php297.83million. This posted Php8.12million increase from 289.71million of 2015 or 2% increment. There was no material change in the Group 2016 mining service revenue compared to last year.
- The Group real estate sales in 2016 amounted to Php605.42million. This posted Php15.05million increase from Php590.37million in 2015 or 3% increment. There was no material change in the Group 2016 real estate sales compared to last year.
- The Group costs of services in 2016 amounted Php380.42million. This posted Php10.50million increase from Php369.92million costs of services in 2015 or 3% increment. There was no material movement in the costs of services.
- The Group personnel costs in 2016 amounted to Php53.29million. This posted Php13.39million increase from Php39.90million in 2015 or a 33.56% increase. The increase was mainly due to the salaries and wages of Goshen Land Capital, Inc. which the Group charged 12 months and 7 months salaries and wages in 2016 and 2015, respectively.
- The Group professional fees in 2016 amounted to Php36.50million. This posted Php9.70million decrease from Php46.20million in 2015 or 20% decrease. The decrease was mainly due to charging to land rights the professional fees incurred thereto.
- The Group depreciation and amortization in 2016 amounted to Php107.96million. This posted Php41.70million increase from Php66.26million in 2015 or 63% increase. The increase was mainly due to Php10.53million impairment of exclusive rights and the depreciation of heavy equipment acquired in the second half of 2015.
- The Group transportation and travel in 2016 amounted to Php5.13million. This posted Php1.08million increase from Php4.05million of 2015 or 27% increase. The increase was mainly due additional transportation and travel requirements of the Group in 2016.
- The Group rentals and utilities in 2016 amounted to Php11.91million. This posted Php3.10million increase from Php8.81million of 2015 or 35% increase. The increase was mainly due to the rental and utilities of Goshen Land Capital, Inc. which the Group charged 12 months and 7 months rentals and utilities expenses in 2016 and 2015, respectively.

- The Group taxes and licenses in 2016 amounted to Php6.23million. This posted Php8.64 decrease from Php14.87 of 2015 or a 58% increase. The decrease was mainly due to documentary stamp tax which the Group incurred more in 2015 on its promissory notes as compared to this year.
- The Group supplies and materials in 2016 amounted to Php.67million. There was no material change in the Group supplies and materials of this year compared to the previous year.
- The Group entertainment, amusement and recreation in 2016 amounted to Php3.85million. This posted of Php2.64million decrease from Php6.49million of 2015 or a 59% decrease. The decrease was mainly due to the decline in the Group requirement of entertainment, amusement and recreation in 2016 as compared to 2015.
- The Group did not have equity in net earnings on investment in associate in 2016 because the investment in associate was classified by the management into Assets Held for Sale as of December 31, 2015. In 2015, the Group equity in the net earnings on the investment in associate amounted to Php1.18million.
- The Group interest income from bank deposits amounted to Php2.08million. This posted an increase of Php1.61million from Php.47million of 2015 or a 247% increase. The increase was mainly due to huge amount of bank deposits in the 1st half of 2016.
- The Group impairment losses in 2016 amounted to Php3.48million. This posted a decrease of Php3.42million from Php6.90million of 2015 or a 98% decrease. The decrease was due to the lesser amount assets to be impaired found by the management in 2016 as compared to last year.
- The Group interest expenses in 2016 amounted to Php129.79million. This posted an increase of Php72.75million increase from Php57.34 of 2015 or a 44% increase. The increase was due to the increase in interest on the loans which the Group availed more in the middle second half of 2015.

FINANCIAL POSITION

2018

The Company's total assets as of December 31, 2018 and 2017 amounted to Php 3,745.16 million and Php 4,096.55 million, respectively, which shows a decrease of Php 351.39 million or 8.58%. The Company's total liabilities as of December 31, 2018 and 2017 amounted to Php 2,964.51 million and Php 3,094.38 million, respectively, which shows a decrease of Php 129.87 million or 4.20%. The Company's equity attributable to parent as of December 31, 2018 and 2017 amounted to Php 277.87 million and Php 591.84 million, respectively, which shows a decrease of Php 313.97 million or 53.05%. The Company's equity attributable to non-controlling interests as of December 31, 2018 and 2017 amounted to Php 502.77 million and Php 410.33 million, respectively, which shows an increase of Php 92.44 million or 22.53%.

The following are the balance sheet items with changes amounting to five percent (5%) from the previous year:

- Receivables - net as of December 31, 2018 and 2017 amounted to Php 86.34 million and Php 1,424.67 million, respectively, which shows a decrease of Php 1,338.33 million or 93.94%. The decrease primarily came from the collections of contract receivables and reclassifications to contract asset due to adoption of new accounting standards.
- Contract assets – current portion as of December 31, 2018 and 2017 amounted to Php 1,0282.15 and Nil, respectively. This account came from the reclassifications due to adoption of new accounting standards.
- Real estate held for sale as of December 31, 2018 and 2017 amounted to Php 1,606.44 million and Php 1,403.77 million, respectively, which shows an increase of Php 202.67 million or 14.44%. The increase primarily came from the additional construction and development costs of the Company's real estate assets and the lower cost of real estate sales recognized during the year.
- Other current assets as of December 31, 2018 and 2017 amounted to Php 92.36 million and Php 315.00 million, respectively, which shows a decrease of Php 222.64 million or 70.68%. The decrease primarily came from the lower balance of advances to contractors and the lower supplies inventory of PGDI.
- Non-current portion of contract asset as of December 31, 2018 and 2017 amounted to Php 111.73 and nil, respectively. This account came from the reclassifications due to adoption of new accounting standards.
- Non-current portion of contracts receivable as of December 31, 2018 and 2017 amounted to Nil and Php 220.98 million, respectively, which shows a decrease of Php 109.25 million or 49.44%. The decrease primarily came from the reclassifications due to adoption of new accounting standards.
- Deferred exploration costs as of December 31, 2018 and 2017 amounted to Php 390.20 million and -nil-, respectively. This account represents the expenditures incurred in the exploration activities over the limestone deposits of PSMVI and PHMIC for the Panitian Limestone Project.
- Goodwill and intangible assets as of December 31, 2018 and 2017 amounted to Php 20.21 million and Php 143.71 million, respectively, which shows a decrease of Php 123.50 million or 85.94%. The decrease came from the amortization of intangible assets and recognition of impairment losses on goodwill, film rights, and exclusive distribution rights.
- Property and equipment - net as of December 31, 2018 and 2017 amounted to Php 294.92 million and Php 330.39 million, respectively, which shows a decrease of Php 35.47 million or 10.74%. The net decrease primarily came from the additional acquisitions and depreciation during the year.

- Other noncurrent assets as of December 31, 2018 and 2017 amounted to Php 45.83 million and Php 187.87 million, respectively, which shows a decrease of Php 142.04 million or 75.61%. The decrease primarily came from the lower balance of advances to supplier and advances for projects.
- Trade and other payables as of December 31, 2018 and 2017 amounted to Php 703.03 million and Php 907.37 million, respectively, which shows a decrease of Php 204.34 million or 22.52%. The net decrease primarily came from the additional advances from shareholder and customer's deposit and advances, and the payments of trade payables and advances from third parties.
- Contract liabilities as of December 31, 2018 and 2017 amounted to Php 133.22 and nil, respectively. This account came from the reclassifications due to adoption of new accounting standards.
- Short-term loans as of December 31, 2018 and 2017 amounted to Php 243.90 million and Php 209.10 million, respectively, which shows an increase of Php 34.80 million or 16.64%. The increase primarily came from the additional short-term loans availed by the Group.
- Dividends payable as of December 31, 2018 and 2017 amounted to Php 39.80 million and -nil-, respectively. The dividends payable came from the property and cash dividends declared by PHA.
- Capital gains tax payable – current portion as of December 31, 2018 and 2017 amounted to Php 16.82 million and Php 6.69 million, respectively, which shows an increase of Php 10.13 million or 151.35%. The increase came from the reclassification from non-current to current.
- Income tax payable as of December 31, 2018 and 2017 amounted to Php 0.67 million and Php 0.34 million, respectively, which shows an increase of Php 0.32 million or 93.43%. The increase primarily came from the higher taxable income.
- Purchased land payable – current portion as of December 31, 2018 and 2017 amounted to Php 92.39 million and Php 148.90 million, respectively, which shows a decrease of Php 56.52 million or 37.96%. The decrease primarily came from the payments made during the year.
- Loans payable – current portion as of December 31, 2018 and 2017 amounted to Php 674.82 million and Php 407.70 million, respectively, which shows an increase of Php 267.12 million or 65.52%. The increase primarily came from additional loans availed during the year.
- Obligations under finance lease – current portion as of December 31, 2018 and 2017 amounted to Php 3.78 million and Php 26.12 million, respectively, which shows a decrease of Php 22.34 million or 85.51%. The decrease primarily came from payments made during the year.

- Installment payable – current portion as of December 31, 2018 and 2017 amounted to Php 8.65 and Php –nil-, respectively, which shows an increase of Php 8.65 million or 100%. The increase came from the installment loan availed during the year.
- Capital gains tax payable – noncurrent as of December 31, 2018 and 2017 amounted to Php 10.13 million and Php 20.25 million, respectively which shows a decrease of Php 10.13 million or 50.00%. The decrease from the payment of reclassification from non-current to current.
- Convertible loans as of December 31, 2018 and 2017 amounted to Php 465.43 million and Php 522.92 million, respectively, which shows a decrease of Php 57.50 million or 11.00%. The decrease primarily came from the payments made during the year.
- Callable loans as of December 31, 2018 and 2017 amounted to Php 15.00 million and -Nil, respectively. This represents the loan which will be used to finance the land developments in Nagtabon beach and to finance the purchase of lots.
- Purchased land payable – noncurrent portion as of December 31, 2018 and 2017 amounted to Php 8.48 million and Php 20.37 million, respectively, which shows a decrease of Php 11.89 million or 58.37%. The decrease primarily came from the reclassification of non-current to current.
- Loans payable – noncurrent portion as of December 31, 2018 and 2017 amounted to Php 366.44 million and Php 566.76 million, respectively, which shows a decrease of Php 200.31 million or 35.34%. The decrease primarily came from the reclassification of non-current to current.
- Obligations under finance lease – noncurrent portion as of December 31, 2018 and 2017 amounted to Php 4.04 million and Php 8.62 million, respectively, which shows a decrease of Php 4.59 million or 53.18%. The decrease primarily came from the reclassification of non-current to current.
- Installment payable – noncurrent portion as of December 31, 2018 and 2017 amounted to Php 4.91 and -Nil-, respectively. This represents the non-current portion of the installment loan availed during 2018.
- Deferred tax liabilities as of December 31, 2018 and 2017 amounted to Php 159.70 million and Php 236.04 million, respectively, which shows a decrease of Php 76.35 million or 32.34%. The decrease primarily came from the reversal of certain deferred tax liabilities during 2018.

2017

The Company's total assets as of December 31, 2017 and 2016 amounted to Php 4,096.55 million and Php 3,723.64 million, respectively, which shows an increase of Php 372.90 million or 10.01%. The Company's total liabilities as of December 31, 2017 and 2016 amounted to Php 3,094.38 million and Php 2,790.00 million, respectively, which shows an increase of Php 304.38 million or 10.91%. The Company's equity as of December 31, 2017

and 2016 amounted to Php 591.84 million and Php 533.99 million, respectively, which shows an increase of Php 57.85 million or 10.83%. The Company's equity attributable to non-controlling interests as of December 31, 2017 and 2016 amounted to Php 410.33 million and Php 399.64 million, respectively, which shows an increase of Php 10.69 million or 2.67%.

The following are the balance sheet items with changes amounting to five percent (5%) from the previous year:

- Cash as of December 31, 2017 and 2016 amounted to Php 70.16 million and Php 90.31 million, respectively, which shows a decrease of Php 20.15 million or 22.31%. Cash used in operations amounted to Php 71.65 million; cash used in investing activities amounted to Php 163.56 million; while cash provided by financing activities amounted to Php 215.07 million; the sum of which represents the aforementioned decrease.
- Receivables - net as of December 31, 2017 and 2016 amounted to Php 1,424.67 million and Php 1,145.32 million, respectively, which shows an increase of Php 279.35 million or 24.39%. The increase primarily came from the uncollected contract receivables.
- Real estate held for sale as of December 31, 2017 and 2016 amounted to Php 824.99 million and Php 723.28 million, respectively, which shows an increase of Php 101.71 million or 14.06%. The increase primarily came from the additional construction and development costs of the Company's real estate assets.
- Inventories as of December 31, 2017 and 2016 amounted to Php 13.00 million and Php 12.20 million, respectively, which shows an increase of Php 0.80 million or 6.56%. The increase primarily came from the additional costs of inventories.
- Other current assets as of December 31, 2017 and 2016 amounted to Php 302.00 million and Php 205.50 million, respectively, which shows an increase of Php 96.50 million or 46.96%. The increase primarily came from additional advances made to suppliers and contractors; and input VAT claimed during the year.
- Non-current portion of contracts receivable as of December 31, 2017 and 2016 amounted to Php 220.98 million and Php 387.19 million, respectively, which shows a decrease of Php 166.21 million or 42.93%. The decrease came from reclassification of non-current to current contract receivables.
- Goodwill and intangible assets as of December 31, 2017 and 2016 amounted to Php 143.71 million and Php 159.33 million, respectively, which shows a decrease of Php 15.62 million or 9.80%. The decrease primarily came from the amortization of intangible assets.
- Property and equipment - net as of December 31, 2017 and 2016 amounted to Php 330.39 million and Php 393.09 million, respectively, which shows a decrease of Php 62.70 million or 15.95%. The decrease primarily came from the depreciation during the year.

- Land and land development as of December 31, 2017 and 2016 amounted to Php 578.79 million and Php 123.28 million, respectively, which shows an increase of Php 455.51 million or 369.49%. The increase primarily came from the reclassification of investment property which was sold by PHA to WPP during the year.
- Investment property as of December 31, 2017 and 2016 amounted to Php –nil- million and Php 399.95 million, respectively, which shows a decrease of Php 399.95 million or 100%. The decrease primarily came from the reclassification of investment property which was sold by PHA to WPP during the year.
- Other noncurrent assets as of December 31, 2017 and 2016 amounted to Php 187.86 million and Php 84.19 million, respectively, which shows an increase of Php 103.67 million or 123.14%. The increase primarily came from the input VAT claimed during the year.
- Trade and other payables as of December 31, 2017 and 2016 amounted to Php 907.37 million and Php 644.03 million, respectively, which shows an increase of Php 263.34 million or 40.89%. The increase primarily came from the payables made to third parties and advances during the year.
- Short-term loans as of December 31, 2017 and 2016 amounted to Php 209.10 million and Php 211.05 million, respectively, which shows a decrease of Php 1.95 million or 0.92%. There were no significant changes during the previous year.
- Income tax payable as of December 31, 2017 and 2016 amounted to Php 0.34 million and Php 0.88 million, respectively, which shows a decrease of Php 0.54 million or 61.36%. The decrease primarily came from the decreased taxable income during the year.
- Purchased land payable – current portion as of December 31, 2017 and 2016 amounted to Php 148.90 million and Php 240.37 million, respectively, which shows a decrease of Php 91.47 million or 38.05%. The decrease primarily came from the payments made during the year.
- Loans payable – current portion as of December 31, 2017 and 2016 amounted to Php 407.70 million and Php 421.27 million, respectively, which shows a decrease of Php 13.57 million or 3.22%. The decrease primarily came from higher payments made during the year.
- Obligations under finance lease – current portion as of December 31, 2017 and 2016 amounted to Php 26.12 million and Php 47.25 million, respectively, which shows a decrease of Php 21.13 million or 44.72%. The decrease primarily came from payments made during the year.
- Installment payable – current portion as of December 31, 2017 and 2016 amounted to Php –nil- million and Php 27.99 million, respectively, which shows a decrease of Php 27.99 million or 100%. The decrease primarily came from payments made during the year.

- Pension liabilities as of December 31, 2017 and 2016 amounted to Php 13.18 million and Php 19.12 million, respectively, which shows a decrease of Php 5.94 million or 31.07%. The decrease primarily came from suspension of operations of CUBES which resulted in the termination of its employees.
- Convertible loans as of December 31, 2017 and 2016 amounted to Php 522.92 million and Php 423.41 million, respectively, which shows an increase of Php 99.51 million or 23.50%. The increase primarily came from the additional convertible loans during the year.
- Purchased land payable – noncurrent portion as of December 31, 2017 and 2016 amounted to Php 20.37 million and Php 11.94 million, respectively, which shows an increase of Php 8.43 million or 70.60%. The increase primarily came from the reclassification of non-current to current.
- Loans payable – noncurrent portion as of December 31, 2017 and 2016 amounted to Php 566.76 million and Php 405.59 million, respectively, which shows an increase of Php 161.17 million or 39.74%. The increase primarily came from the additional loans during the year.
- Obligations under finance lease – noncurrent portion as of December 31, 2017 and 2016 amounted to Php 8.62 million and Php 9.84 million, respectively, which shows a decrease of Php 1.22 million or 12.40%. The decrease primarily came from the reclassification of non-current to current obligations under finance lease.
- Deferred tax liabilities as of December 31, 2017 and 2016 amounted to Php 262.98 million and Php 327.25 million, respectively, which shows a decrease of Php 64.27 million or 19.64%. The decrease primarily came from the reversal of certain deferred tax liabilities during the year.

2016

At the end of **2016**, the Company's total assets were valued at Php3.68billion from Php3.38billion of 2015 or 9% growth from last 2015; total liabilities were valued at Php2.75billion from Php2.53billion of 2015 or 9% increase from 2015; and total equity was valued at Php933.71million from Php861.19million of 2015 or 8% higher than 2015. The equity attributable to non-controlling interest was valued at Php534.03million in 2016 from Php500.81million of 2015 or a 6% growth from last year.

The following are the causes for the material changes, i.e. those amounting to five percent (5%) of the relevant accounts:

- Cash – Cash decreased to Php90.31million in 2016 from Php143.78million of 2015 showing 4% decrement from 2015. The cash provided by financing activities amounted to Php23.61million in 2016. While, the cash used in the operating and investing activities amounted to Php56.46million and Php20.63million, respectively, in 2016.
- Receivables - As at December 2016, the Group receivables amounted to Php1.53billion from Php1.31billion of 2015. The majority of which came from the sale of the real estate of Goshen Land Capital, Inc. (GLCI) a subsidiary engaged in real estate business. The balance of the receivables as at December 31, 2016 was 18% higher than that of 2015.

- Real Estate Held For Sale – As of December 31, 2016, the Group real estate held for sale had a carrying amount of Php723.28million from Php673.39million of 2015 or 7% growth.
- Other current assets – As of December 31, 2016, the Group other current assets had a carrying amount of Php206.23million or a 5% growth from 2015 with balance of Php196.36million.
- Intangible assets – As at December 31, 2016, the Group intangible assets had a carrying amount of Php159.33million from Php175.17million of 2015. There was 9% or Php15.84million decrease in intangible assets. The decrease was due to the impairment of exclusive rights to distribute of Concepts Unplugged Business Environment Solutions, Inc. (CUBES) engaged in refrigeration business and the film rights of the Group.
- Investment property – As at December 31, 2016 and 2015, the investments property had carrying value of Php399.95million and Php273.00million, respectively or an increase of Php126.75million or 46% higher than that of 2015. The increase in carrying value were from the appraisal increase of the land amounted to Php158.94million or 58% increase from 2015. Investment in property were carried at fair market value of the investment property as at reporting date.
- Property and equipment – As at December 31, 2016 and 2015, the Group Property and Equipment had carrying amount of Php391.10million and Php479.06million, respectively. There was no major addition to the property and equipment, and the decrease in value were from the depreciation recognized in 2016.
- Trade and other payables – As at December 31, 2016, the Group trade and payables amounted to Php1.09billion or 17% higher than that of 2015. The increase were mainly due to the increase in accrued expenses of the Group.
- Short-term loans – As at December 31, 2016, the Group short-term loans amounted to Php211.05million or 16% higher than that of 2015. In 2016 the Company availed of short-term loans amounted to Php29.52million due to the financing requirements of the Group for additional working capital requirements of subsidiaries.
- Income tax payable – The Group recorded Php.88million corporate income tax payable of 2016 a 196% higher than that of 2015.
- Obligations under finance lease – As at December 31, 2016, the Group finance lease obligations had a carrying amount of Php57.09million an increase of Php57.09million or 100% higher than that of 2015. The increase was due to the availment of the Group of the loans through the finance lease.
- Installment payable – As of December 31, 2016, the Group installment payable had carrying amount of Php28.00million from Php179.00million or 84% decrease. The decrease due to amortization payment of the loan in 2016.
- Loans payable – As at December 31, 2016 the Group loan payable amounted to Php631.45million a 99% higher than 2015. The increase was due to the availment of additional loan.

- Pension liabilities – As at December 31, 2016 and 2015 the balance of the pension liabilities was Php19.12million and Php15.44million, respectively, or an increase of Php3.68million or 24% higher from the 2015. The increase was due to re-measurement of pension costs.

Item 7. Financial Statements

The Company's consolidated Financial Statements containing ____ pages are duly filed and annexed as part of this Annual Report.

Item 8. Information on Independent Auditor and Other Related Matters

(1) External Auditor's Fees and Services

a) Audit Fees

The Company has engaged SGV & Company as its external auditor for the last three (3) fiscal years. SGV has conducted the financial audit of the group including the parent company and its various operating subsidiaries. For this service, the total billing of SGV (VAT exclusive) were Php2,095,000, Php1,770,000.00, Php1,541,000 for 2018, 2017, and 2016 respectively.

b) Tax Fees

Aside from the aforementioned activities, the Company or any of its subsidiaries has not engaged SGV for any other services.

c) All Other Fees

Aside from the audit fees disclosed under letter (a) above, the Company has engaged the services of SGV for the Due Diligence Audit of Goshen Land Capital Inc. for its acquisition of 55% in the company in about April to May 2015.

(2) Changes in and Disagreements with Independent Auditors on Accounting and Financial Disclosure

During the course of the audit, the Company and SGV did not have any material disagreements on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Officers

(1) Directors:

Name	Age	Citizenship	Position Held	Term of Office
Augusto Antonio C. Serafica, Jr.	57	Filipino	Chairman / President & CEO	Feb 06, 2018 / January 01, 2015
Siso M. Lao	52	Filipino	Vice Chairman / Director	Jan 2015 / September 2011 to present
George Y. Sycip	62	American	Regular Director	Feb 06, 2018 to present
Raul Ma. F. Anonas	56	Filipino	EVP/COO / Director	Jan 1, 2015 / Sept 2012 - Present
Arsenio Benjamin E. Santos	71	Filipino	Independent Director	Feb 06, 2018 to present
Ramon G. Santos	69	Filipino	Independent Director	Feb 06, 2018 to present
Ramon A. Recto	86	Filipino	Regular Director	December 2012 to present
Winston A. Chan	63	Filipino	Regular Director	Feb 06, 2018 to present
Victor Y. Lim, Jr.	72	Filipino	Regular Director	July 28, 2015 to present

Mr. Augusto Antonio C. Serafica, Jr. (Chairman, President & CEO, Director)

Mr. Serafica (age 57) was elected as a Regular Director during the Board meeting on May 2010 and became Chairman in February 06, 2018. Mr. Serafica is also the current Managing Director of Asian Alliance Investment Corporation and Asian Alliance Holdings & Development Corporation. He is also a Regular Director of Marventures Holdings Inc. and Bright Kindle Resources Inc. Mr. Serafica is a veteran investment banker with expertise in mergers and acquisitions, fundraising and placement and business development. Industries that he is quite versed with are mining, real estate and technology. Mr. Serafica is also the past Chairman of the AIM Alumni Association and is the current National Treasurer of the Brotherhood of Christian Businessmen & Professionals. A CPA, Mr. Serafica earned his BA in Accountancy in San Beda College and acquired his MA in Business Management from the Asian Institute of Management.

Mr. Siso M. Lao (Vice Chairman, Director)

Mr. Lao (age 52) was elected as the Vice Chairman of the Board effective January 1, 2015. He became a Director of Premiere Horizon in 2011. Mr. Lao is the President and CEO of Milestone Garments Manufacturing and a director of One Megaworld Ventures, Skyfoods Corp. and 3L Properties & Alpha Devt Corp. Mr. Lao is also the Vice President of Blackstone Properties and Development Corp. and FirstCapitol Inc. Mr. Lao's expertise in real estate development is a perfect match to Premiere Horizon's plan of tourism and property development. Mr. Lao graduated from Patts College of Aeronautics with a degree of Aeronautical Engineering.

Mr. George Y. Sycip (Regular Director)

Mr. SyCip (age 62) was elected as Regular Director on February 06, 2018. Mr. SyCip is the President of Halanna Management Corporation and a Founder and Principal in Galaxaco China Group LLC. Mr. SyCip advises a variety of companies in their cross-border endeavors between the US, Europe, Asia and Africa. Mr. SyCip had a career in banking, including serving as Chief Financial Officer of United Savings Bank, a leading provider of banking services to California's Asian communities and a major originator of home mortgages in the State during the 1980s. He now sits on several corporate boards including Alliance Select Foods International, Inc., Asian Alliance Investment Corporation, Beneficial Life Insurance Company, Bank of the Orient, and Paxys, Inc. He is also an Advisor to the Board of Cityland Development Corporation. Mr. SyCip currently serves as a Trustee or Director of several nonprofit organizations, including the International Institute of Rural Reconstruction, Give2Asia, Global Heritage Fund, and the California Asia Business Council. Mr. SyCip received his A.B. in International Relations/Economics 'With Distinction' from Stanford University and his M.B.A. from Harvard Graduate School of Business Administration.

Mr. Raul F. Anonas (Executive Vice President & Chief Operating Officer, Director)

Mr. Anonas (age 56) was elected as Regular Director of Premiere Horizon in September 2012. Mr. Anonas is the Chairman of Rosabaya Distributors Inc. and Humabon Distributors. He is also the Vice Chairman of First Ardent Property Development Corporation and President & CEO of Rajawali Resources and Holdings Inc. Mr. Anonas is a corporate finance veteran with expertise in investment banking, mergers & acquisitions and project financing. He also has extensive experience as an entrepreneur and has successfully managed start-up companies. Mr. Anonas holds a B.S. Management Degree from the Ateneo de Manila University and an MBA in Finance from Fordham University.

Mr. Arsenio Benjamin E. Santos (Independent Director)

Mr. Arsenio Benjamin E. Santos (age 71) was elected as Independent Director on February 06, 2018. He is currently the President and CEO of Southwest Maritime Group of Companies. Mr. Santos is also the President of Chiba Marine Repair, Inc.. He is the Director of Link Edge, Inc., Islas Tankers Group, Islas Tankers Holdings and Shuwa Kaiun Kaisha, Ltd. He is also the Chairman of Nippon Kaiji Kyokai (NK). Mr. Santos is also a member of American Bureau of Shipping and a Philippine Technical Committee member of the Bureau Veritas. Mr. Santos was a Director of Batangay Bay Carriers, Inc., National Marine Corporation and Filipino Shipowners Association. He used to be the Managing Director in Westwind Shipping Corporation and Baliwag Navigation Inc.

Mr. Ramon G. Santos (Independent Director)

Mr. Ramon G. Santos (age 69) was elected as Independent Director on February 06, 2018. Mr. Santos served in the Philippine Army for 33 years and retired with a rank of Brigadier General in 2005. He was appointed as Undersecretary in October 2005 with the Office of Presidential Adviser for the Peace Process (OPAPP). Mr. Santos is a Professorial Lecturer at the Institute of Graduate Studies of the Philippine State College of Aeronautics. He is currently working as Senior Technical Consultant at the OPAPP. Mr. Santos is currently the President of Green Power Panay Inc., CEO of Tirad Pass Consulting, Director of the Education and Training Committee of One Eye Security Consultancy and Senior Vice President of the Professional Training Institute of Kali, Inc.

Mr. Santos has a PhD and Masters in Development Administration from the Philippine Christian University. He also finished his Master in Strategic Studies at the US Army War College in the USA.

Mr. Victor Y. Lim, Jr. (Regular Director)

Mr. Lim (age 72) was elected as Regular Director on July 28, 2015. He is currently the Chairman of V2S Property Developers, Inc., President of Yuchengco Lim Development Corporation, Chairman of National Affairs Committee of the Financial Executives Institute of the Philippines (FINEX), Trustee of the Ateneo Scholarships Foundation, Secretary of the International Association of the Financial Executives Institute, Director of the Ateneo Alumni Association and member of the Management Association of the Philippines. Mr. Lim holds a Bachelor of Science in Economics degree from the Ateneo de Manila University and a Masters in Business Management degree from the Asian Institute of Management.

Ramon A. Recto (Regular Director)

Mr. Recto (age 86) was elected as Regular Director last December 18, 2012. He is the Chairman & President of C.M.E. Technology Philippines, Inc., Director of Crown Equities, Inc. and was President of Marcventures Holdings, Inc. He has been involved in several business entities largely in the field of mining and exploration of iron, copper, gold and other minerals. A graduate of Master of Industrial Management and a holder of Bachelor of Science in Mechanical Engineering and Electrical Engineering at the University of the Philippines.

Mr. Winston A. Chan (Regular Director)

Mr. Chan (age 63) was elected as Regular Director on February 06, 2018. He is a retired partner of SGV/EY and former managing partner of SGV/EY Advisory Service Line. Mr. Chan has more than 28 years of management consulting experience. Mr. Chan is a Certified Information Systems Manager (CISM), a Certified Information Systems Auditor (CISA), and a Certified Public Accountant (CPA). He is a member of the Management Association of the Philippines (MAP), and the board of directors of the Harvard Club of the Philippines (HCP). He is the chairman of the ICT committee of the SGV Foundation. Mr. Chan completed the Advanced Management Program (AMP) at the Harvard Business School in Boston, MA, The Advanced Business Strategy Course at INSEAD Singapore, and the Management Development Program at the Asian Institute of Management (AIM). He has also attended numerous training programs of Andersen Continuing Education Center in St. Charles, Illinois, both as participant and faculty. He obtained his Bachelor of Science Degree in Accountancy at Colegio de San Juan de Letran.

Key Corporate Officers

Atty. Roberto San Jose (Corporate Secretary)

Atty. San Jose has been the Corporate Secretary of the Company since 1996. He is a member of the Philippine Bar and is a Partner of the Castillo Laman Tan Pantaleon and San Jose Law Offices. He is Chairman and Director of Mabuhay Holdings Corp., and Director and/or Corporate Secretary of CP Group of Companies, CP Equities Corp., Atlas Resources Management Group and MAA Consultants, Inc. He is also currently the

Corporate Secretary of Alsons Consolidated Resources, Inc., Solid Group, Inc., Philweb Corporation, FMF Development Corp. and Anglo Philippines Holdings Corp. Atty. San Jose holds a Law Degree from the University of the Philippines.

Atty. Ana Maria Katigbak- Lim (Asst. Corporate Secretary)

Atty. Katigbak assumed the position of Asst. Corporate Secretary since 1997. A member of the Integrated Bar of the Philippines and a graduate of Bachelor of Laws and Bachelor of Arts in Comparative Literature (Cum Laude) at the University of the Philippines, she is currently a partner at the Castillo Laman Tan Pantaleon San Jose Law Offices. She is also a Director or Officer of publicly-listed companies and registered membership clubs such as: Boulevard Holdings, Inc., Mabuhay Holdings, Inc., Solid Group, Inc., The Metropolitan Club, Inc., AJO.net Holdings, Inc. and PhilWeb Corporation.

Atty. Stephen E. Cascolan (Asst. Corporate Secretary)

Atty. Cascolan assumed the position of asst. Corporate Secretary last 2013. A member of the Integrated Bar of the Philippines and a graduate of Bachelor of Arts in Philippine Studies, Major in Journalism and Creative Writing at the University of the Philippines, he is currently a managing partner at the Benipayo and Partners Law Firm.

(2) EXECUTIVE OFFICERS and SIGNIFICANT EMPLOYEES

The officers of the company are as follows:

1. Augusto Antonio C. Serafica, Jr.	-	Chairman/President & CEO
2. Raul Ma. F. Anonas	-	Executive Vice President & COO
3. Ricardo S. Consunji III	-	Senior Vice President - Operations
4. Andres A. del Rosario	-	Senior Vice President & Treasurer
5. Manolo B. Tuason	-	Senior Vice President & CFO
6. Stephen E. Cascolan	-	Vice President & CLO
7. Ana Liza G. Aquino	-	First Vice President
8. Joseph Jeeben R. Segui	-	First Vice President
9. Paolo Antonio A. Martinez	-	Assistant Vice President

(3) Family Relationship

There is no family relationship up to the fourth civil degree either by consanguinity or affinity among directors, executive officers or persons nominated or chosen to become directors or executive officers of the Company.

(4) Involvement in Certain Legal Proceedings

The Company is not aware of: (1) any bankruptcy petition filed by or against any business of which a director, person nominated to become a director, executive officer, promoter, or control person of the Company was a general partner or executive officer either at the time of bankruptcy or within two (2) years prior that time; (2) any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other offenses of any director, person nominated to become a director, executive officer, promoter, or control person; (3) any order, judgment or decree, not subsequently

reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement in any type of business, securities, commodities or banking activities a director, person nominated to become a director, executive officer, promoter or control person of the Company; and (4) judgment against a director, person nominated to become a director, executive officer, promoter, or control person of the Company found by a domestic or foreign court of competent jurisdiction (in civil action), the Philippine Securities and Exchange Commission (SEC) or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Item 10. Executive Compensation

The following table is a summary of all plan and non-plan compensation awarded to, earned by, paid to, or estimated to be paid to, directly or indirectly, the Chief Executive Officer (“CEO”), the three (3) most highly compensated executive officers other than the CEO who served as executive officers, and all officers and directors as a Group as of 31 December 2018 (including the preceding two fiscal years, and current fiscal year – estimated only):

Name / Position	Year	Salary, Bonus, and others
Augusto C. Serafica President & CEO	2018	4,810,000
	2017	4,810,000
	2016	4,810,000
Raul Ma. F Anonas EVP & COO	2018	3,510,000
	2017	3,510,000
	2016	3,510,000
Ricardo Consunji SVP Operations	2018	3,822,000
	2017	3,822,000
	2016	3,822,000
Manolo B Tuason SVP & CFO	2018	2,470,000
	2017	2,470,000
	2016	2,470,000
Andres A. Del Rosario SVP & Treasurer	2018	2,470,000
	2017	2,470,000
	2016	2,470,000
Executive Officers (Aggregate Amount)	2018	3,630,000
	2017	5,200,000
	2016	4,992,000
Directors	2018	526,111
	2017	600,000
	2016	600,000

Item 11. Security Ownership of Certain Beneficial Owners and Management

(2) Security Ownership of Management

The following are the security ownership of the directors and executive officers of the Corporation as of 31 December 2018:

Title of Class	Name of Beneficial Owner; Relationship with Issuer	Amount and Nature of Beneficial Ownership (direct & indirect)	Citizenship	No. of shares held	Percentage held
Common	Augusto Antonio C. Serafica, Jr., <i>Chairman / President & CEO</i>	70,000,001 (D) 44,070,000(I)	Filipino	114,070,001	5.73%
Common	Siso M. Lao <i>Vice Chairman</i>	71,666,666(D); 106,721,807(I)	Filipino	178,388,473	8.96%
Common	George Y. Sycip <i>Director</i>	2,010,000 (D)	Filipino	2,010,000	0.10%
Common	Ramon A. Recto <i>Director</i>	1(D)	Filipino	1	0.00%
Common	Winston A. Chan <i>Director</i>	2,500 (D)	Filipino	2,500	0.00%
Common	Victor Y. Lim, Jr. <i>Director</i>	83,000 (D)	Filipino	83,000	0.00%
Common	Raul Ma. F. Anonas, <i>Director</i>	21,250,001(D)	Filipino	21,250,001	1.07%
Common	Arsenio Benjamin E. Santos <i>Independent Director</i>	2,500 (D)	Filipino	2,500	0.00%
Common	Ramon G. Santos <i>Independent Director</i>	2,500 (D)	Filipino	2,500	0.00%

(3) Voting trust Holders of 5% or More

There are no persons holding five percent (5%) or more of a class under a voting trust or similar arrangement.

(4) Changes in Control

On March 15, 2012, and January 2013, DSI was able to sell 15 million shares to third parties. Gain on said sale of shares was recorded at Php1.2 million in 2012.

Item 12. Certain Relationships and Related Transactions

In the ordinary course of business, the Company has transactions with associates, affiliates, subsidiaries and other related parties consisting principally of cash advances and reimbursement of expenses, various guarantees, management and service agreements and intercompany charges.

On December 15, 2011, the board of directors approved a resolution allowing three regular directors to subscribe to one hundred seventy five million unissued shares of the Company a subscription price P0.05 above par or at P0.30 per share.

On February 24, 2012, the Board of Directors approved a fund raising program via Convertible Loan amounting to Php 100.0 million at 8% interest with a term of three (3) years. Lender shall have the option to convert at Php 0.36/share with a detachable warrant of one (1) share for every four (4) Converted Share at an exercise price of Php 0.38/share. By end of 2012, total Convertible Loan outstanding amounted to Php 78.0 million. The fund raising program was to support the E-Games expansion among others.

Aside from the foregoing, there had been no material transaction during the past two (2) years involving the Company or any of its subsidiaries in which a director, executive officer or stockholder owning ten percent (10%) or more of total outstanding shares and members of their immediate family had or is to have a direct or indirect material interest.

PART IV. CORPORATE GOVERNANCE

Item 13 – The Corporate Governance report shall be filed separately.

PART V – EXHIBITS AND SCHEDULES

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

(a) Exhibits: Exhibit A. 2018 Consolidated Audited Financial Statements

(b) Reports on SEC Form 17-C,

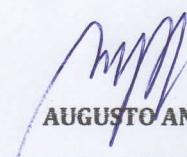
The Company filed reports with the following dates under SEC Form 17-C within the calendar year ending December 31, 2018.

February 6, 2018	Resignation and Election of PHA Directors
March 12, 2018	PHA to Invest in Limestone MPSA Companies
March 20, 2018	Premiere Horizon to Declare Property Dividend of Infra Subsidiary
March 20, 2018	Premiere Horizon to Declare Cash Dividend to Cover Taxes on the Declared Property Dividend of Infra Subsidiary
April 27, 2018	Premiere Horizon Set Record Date for Property Dividend
June 21, 2018	Results of the Annual Stockholders' Meeting
June 21, 2018	Results of Organizational Meeting
July 31, 2018	Premiere Horizon and D-ECO ENERGY to firm up Partnership Agreements in Infrastructure and Tourism Ventures
August 6, 2018	Premiere Horizon Signs Up Leechiu Property Group
August 29, 2018	Acquisition of up to 98.55% of Palawan Star Mining Ventures, Inc. by Redstone Construction & Development Corporation (RCDC)
August 29, 2018	Acquisition of up to 98.88% of Pyramid Hill Mining Industrial Corporation by Redstone Construction & Development Corporation (RCDC)
September 17, 2018	SEC Approval of the Amendments to the Articles of Incorporation of its subsidiary, Redstone Construction and Development Corporation (now known as Premiere Georesources and Development Inc.)
September 21, 2018	PHA Complete Private Placement of Premiere Georesources and Development, Inc. (PGDI) to comply with SEC Public Float Requirements
November 13, 2018	Infrastructure Subsidiary of Premiere Horizon Files for Listing
December 18, 2018	Promotion of Officer

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of PASIG CITY on MAY 16, 2019.

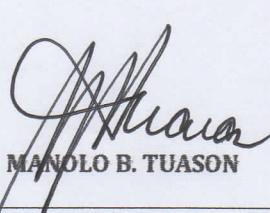
SIGNATURES

By:



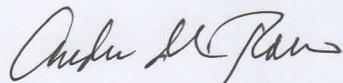
AUGUSTO ANTONIO C. SERAFICA, JR.

Chairman / President & CEO



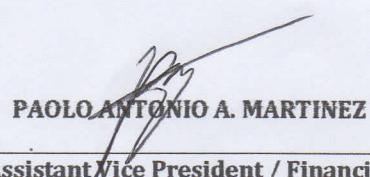
MANOLO B. TUASON

Senior Vice President & Chief Finance Officer



ANDRES A. DEL ROSARIO

Senior Vice President & Treasurer



PAOLO ANTONIO A. MARTINEZ

Assistant Vice President / Financial Controller

MAY 16, 2019
SUBSCRIBED AND SWORN to before me this _____ day of _____ 2019, affiant(s) exhibiting to me their TAX TIN NOS. as follows:

NAME/NO.

TAX TIN NO.

AUGUSTO ANTONIO C. SERAFICA, JR.
MANOLO B. TUASON
ANDRES A. DEL ROSARIO
PAOLO ANTONIO A. MARTINEZ

102-097-338
137-438-466
108-749-859
269-234-657

Doc No. 478
Page No. 97
Book No. LXIX
Series of 2019

ATTY. EDVARD C. PUNDAYA
NOTARY PUBLIC
PASIG, PATEROS, SAN JUAN
UNTIL DEC. 31, 2019
PTR NO. 3826099 / 1-03-19
IBP NO. 019004 / 12-19-17 / UNTIL 2019
ROLL NO. 26683
TIN NO. 210-588-191-000
MCLE V-0004493
2ND FLOOR ARMAL BLDG. URBANO
VELASCO AVE. MALINAO PASIG CITY