

COVER SHEET

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P A C I F I C A , I N C .

(Company's Full Name)

c / o M A N I L A H A R B O R C E N T R E ,

R - 1 0 , V I T A S , T O N D O ,

M A N I L A 1 0 1 3 , M E T R O M A N I L A

P H I L I P P I N E S

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

CRISTINA S. PALMA-GIL FERNANDEZ

Contact Person

8880999

Company Telephone Number

Month

Day

Fiscal Year

SEC FORM 17-Q

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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SEC NUMBER

013039

FILE NUMBER

PSE CODE

PACIFICA, INC.

(Company's Full Name)

c/o Manila Harbour Center

R-10, Vitas, Tondo, Manila

(Company's Address)

(632) 637-8851

(Telephone Number)

December 31

(Calendar Year Ended)

SEC FORM 17-Q

Form Type

(Amendment Designation (If Applicable))

March 31, 2019

(Period Ended Date)

(Secondary License Type and File Number)



SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended March 31, 2019
2. Commission identification number 013039 3. BIR Tax Identification No. 000-484-693
PACIFICA, INC
4. Exact name of issuer as specified in its charter
Manila, Philippines
5. Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
c/o Manila Harbour Center
R-10, Vitas, Tondo, Manila 1013
7. Address of issuer's principal office Postal Code
(632) 637-8851
8. Issuer's telephone number, including area code
Not Applicable
9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding</u>
Common Shares	40,000,000,000

11. Are any or all of the securities listed on a Stock Exchange?
Yes ☐ No ☐
If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
Philippine Stock Exchange Common shares
12. Indicate by check mark whether the registrant:
 - (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
Yes ☐ No ☐
 - (b) has been subject to such filing requirements for the past ninety (90) days.
Yes ☐ No ☐

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The Financial Statements attached are the balance sheets as of March 31, 2019 and December 31, 2018, and the related statements of comprehensive operations, changes in stockholders' equity and cash flows for the current financial year to date, with comparative statements for the comparable year-to-date period of the immediately preceding financial year.

The interim financial reports are prepared in compliance with generally accepted accounting principles.

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

(1) Plan of Operation

Pacifica, Inc. (the "Corporation") was incorporated on September 2, 1957 to engage in the exploration, drilling and exploitation of oil, gas and other volatile substances. Its conversion into a holding company in October 6, 2000 did not result to any commercial operation due to timing and funding constraints.

In 2007, the Corporation redirected its business focus to exploration, operation, management and marketing of mining claims. Pursuant thereto, the SEC on August 31, 2007 approved its Amended Articles of Incorporation reverting its primary purpose to mineral exploration, extending the corporate life for another 50 years and changing the par value from 1.00 to 0.005.

The foregoing events are vital to permit the Corporation to engage in mineral exploration and development and other business opportunities within its purposes as may be identified by the Company.

After the Corporation renewed its corporate life in 2007 with its primary purpose as a mining company, the management started looking for mining opportunities. During the stockholders' meeting on August 14, 2009, it was approved that the Corporation shall enter an Operating Agreement with Zam-Iron Mining Corporation (Zam-Iron) granting the Corporation the exclusive right to explore, utilize and develop the Kabasalan Mining Rights for the purpose of extracting mining products. In consideration for the rights granted by Zam-Iron, the Corporation will pay Zam-Iron royalties at a stipulated price. The loan of P50 million extended by the Corporation to Zam-Iron on January 2, 2008 was applied as advanced royalty payments. Moreover, the management is continuously looking for mining opportunities and negotiating for possible investors and technical partners.

The Corporation lost its bid for Ilijan and Malaya power plants to its opponents while in the others, the bidding process was indefinitely deferred. Despite the downturns, the Corporation does not close its doors to business opportunities in power related activities.

On November 15, 2013, Zam-Iron Mining Corp. (Zam-Iron) informed the Corporation that it received a letter from the Mines and Geosciences Bureau IX stating that its office has issued an Order of Denial for mining exploration with finality. Zam-Iron's next recourse was to file an appeal to the Mines and Geosciences Bureau central office in Manila. To date, no update was given by Zam-Iron to the Company regarding the status of their application and operations.

On November 22, 2013, the Corporation informed Zam-Iron that insofar as it is concerned, Zam-Iron has failed to fulfill its obligations under the Memorandum of Agreement (MOA) signed on January 2, 2008 and Operating Agreement signed in December 2009 and is deemed in default. The Corporation demanded for the full refund of P50,000,000 prepaid royalties with interest and waived its right in the event of default to take over the operation and production of the mining operation since Zam-Iron failed to secure the necessary exploration permit.

On August 28, 2015, given that the recovery of the Corporation's receivables within the next 12 months has been deemed remote, the Board of Directors of the Corporation unanimously approved the impairment and write-off of the following items from its books of accounts: (1) accounts receivable from 9th Kingdom Investments, Inc., (2) advances to Mikro-Tech Capital, Inc; (3) prepaid royalties in favor of Zam-Iron Mining

Corporation, (4) accounts receivables from LRSI and Stradec, and (5) retained deficit. This was ratified by the stockholders during the Corporation's annual stockholders' meeting on October 16, 2015.

The Corporation is still open to acquiring mining claims, rights and power-related businesses. An increase in authorized capitalization and the invitation of strategic partners to invest in the Corporation will likewise be considered as necessary initiatives to source funds. Therefore, the Corporation is optimistic that it shall obtain sufficient funds to support its anticipated fund requirements for the next 12 months.

For the first quarter ending March 31, 2019 and calendar year ending December 31, 2018, the Corporation experienced net losses amounting to Php1,485,945 and Php 1,616,106, respectively, attributed to administrative expenses incurred. Losses in 2017 and 2016 are also attributed to expenses of administrative nature. In 2015, the Corporation's Php25.559M loss is attributed to provisions for probable losses and expenses incurred in view of its participation in various bidding programs where it lost. In 2014, the Corporation's Php1.368M loss is attributed to provisions for probable losses and expenses incurred in view of its participation in various bidding programs where it lost.

For the year ending December 31, 2018 and 2017, the Corporation's net losses were Php1.616 million and Php 2.219 million, respectively. Moreover, in 2016 and 2015, revenues were not generated and material losses of PHp2.499 million and Php25.559 million, respectively, were experienced in view of allowance for probable losses on royalties and allowance for doubtful accounts.

Key Performance Indicators of the Company

Since the Company has no commercial operation to date and has not generated revenues for the current period ending March 31, 2019 and fiscal years ending December 31, 2018 and 2017, it posted losses. Losses for the current period being reported and fiscal years December 31, 2018 and 2017 are attributed to administrative expenses incurred. The table sets forth the comparative key performance indicators of the Company for the current interim period with comparative figures for the periods ending March 31, 2019 and 2018, December 31, 2019 and 2018:

	March 31, 2019	December 31, 2018	March 31, 2018	December 31, 2017
Total Revenues	0	0	0	
Net Loss	1,485,945	1,616,106	472,812	2,218,785
Total Current Assets	25,494,014	591,540	1,033,512	1,745,458
Other Non-Current Assets	0	0	0	0
Plant, Property and Equipment	0	0	0	0
Total Assets	25,494,014	591,540	1,033,512	1,745,458
Current Liabilities	125,500	4,987,081	4,285,760	4,524,893
Non-Current Liabilities	33,750,000	2,500,000	2,500,000	2,500,000
Stockholders' Equity	(8,381,486)	(6,895,540)	(5,752,248)	(5279,435)
Total Liabilities & Stockholders' Equity	25,494,014	591,540	1,033,512	1,745,458
Current Ratio	0.753	0.079	0.152	0.248
Solvency Ratio	0.753	0.079	0.152	0.248
Debt to Equity Ratio	(4.0417)	(1.0858)	(1.17967)	(1.33061)

(a) Net loss for the quarter ending March 31, 2019 resulted to Php 1,485,945 or by a Php 1,013,133 increase from last year of the same period.

(b) Stringent controls are utilized on incurring expenses. Management maintains a generally cautious stance in identifying mining opportunities in order to maximize the Corporation's gross margin. Consequently, Management has taken a conservative stand in approving any mining or power-related activity which the Corporation engaged in 2014 and 2013 and may potentially engage in the next twelve months.

(c) *Working Capital Ratio or Current Ratio* – This will measure how liquid the corporation is and its ability to meet its current obligations. It is computed by dividing total current assets with the total current liabilities.

(d) *Debt Management Ratio or Solvency Ratio* – This is computed by dividing the total liabilities by the total assets.

(e) *Debt Equity Ratio* – This will explain the relationship between how the assets were financed by the Corporation's creditors and its stockholders. This is computed by dividing the total liabilities over the stockholders' equity.

By comparing accounts in the Balance Sheets and Statements of Operations for the interim period ending March 31, 2019 with comparable data for December 31, 2018 and interim period from preceding year, the following are the material changes and their causes:

Changes in Financial Condition

(a) Current Assets

The increase in the balance of Current Assets, as of March 31, 2019 is attributable to an advance to a related party while the decrease as of December 31, 2018 is the use of cash for the administrative expenses of the company.

(b) Input Taxes

Input taxes have increased during the period because of fees paid to professionals.

(c) Property and Equipment

There have no acquisition of property and equipment in 2019, 2018 and 2017.

(d) Current Liabilities

The current liabilities decreased to Php 125,500 as of March 31, 2019 primarily due to advances to a related party.

(e) Deficit

Comprehensive losses as of March 31, 2019 and for fiscal years ending December 31, 2018 and 2017 contribute to the Deficit. While recent losses are attributable to administrative expenses, the losses in previous years represent bidding related and administrative expenses. This Retained Deficit was also increased upon impairment and write-off of various uncollectible assets as determined by the Board on August 28, 2015 and ratified by the stockholders on October 16, 2015.

Changes in Operating Results

The Corporation has not yet started commercial operations. There was no mining activities or exploration as of March 31 2019. The exploration works for Zam-Iron have not yet been commenced. On November 15, 2013, Zam-Iron received a letter from the Mines and Geosciences Bureau IX stating that their office has issued an Order of Denial for mining exploration with finality. Zam-Iron's next recourse would be to file an appeal to the Mines and Geosciences Bureau central office in Manila. The Company demanded for the full refund of Php50,000,000 prepaid royalties with interest and waived its right in the event of default to take over the operation and production of the mining operation. The Company has determined that its prepaid royalties to Zam-Iron may no longer be realized, accordingly, the Company provided full allowance for probable losses for the prepaid royalties in 2013. The carrying value of prepaid royalties amounted to nil as of December 31, 2014 and 2013. The Company thereafter deemed that the recovery of the Company's receivables as remote. The Board of Directors on August 28, 2015 unanimously approved the impairment and write-off of the following items from its books of accounts: (1) accounts receivable from 9th Kingdom Investments, Inc., (2) advances to Mikro-Tech Capital, Inc; (3) prepaid royalties in favor of Zam-Iron Mining Corporation, (4) accounts receivables from LRSI and Stradec, and (5) retained deficit. This was ratified by the stockholders during the annual stockholders' meeting on October 16, 2015.

Net loss for the quarter ending March 31, 2019 resulted to Php 1,485,945 or by a Php 1,013,133 increase from last year of the same period given that administrative expenses have been kept minimum during the recent quarter. Compared to the December 31, 2018 performance, the net loss during the recent quarter is a decrease by Php130,161 due to administrative expenses incurred. Net loss for the period ending December 31, 2017 materially decreased from 2016 of the same period due to impairment and write-off certain assets.

Material Events and Uncertainties

For the interim periods, the Corporation has nothing to report on the following other than the disclosures mentioned in the notes to financial statements and discussed above:

- (i) Any known trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Corporation's liquidity increasing or decreasing in any material way.
- (ii) Events that will trigger direct or contingent financial obligation that is material to the Corporation, including any default or acceleration of obligation. The Corporation is not in default or in breach of any note, loan, lease or other indebtedness or financing arrangements requiring it to make payments. The Company has no trade payables and there is no significant amount in its other payables that has not been paid within the stated terms.
- (iii) Material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Corporation with unconsolidated entities or other persons created during the reporting period. - A disclosure is made in Notes 11 and 12 to Financial Statements and in the Company plan of operation.
- (iv) Any material commitment for capital expenditures.
- (v) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues, income from continuing operations.
- (vi) Any significant elements of income or loss that did not arise from the issuer's continuing operations.
- (vii) Any seasonal aspects that had a material effect on the financial condition or results of operations.

PART II – OTHER INFORMATION

Other than the additional disclosures discussed below, there are no information not disclosed in SEC Form 17-C prior to preparation of this report:

- i. The discussion in item 11 of the Notes to Financial Statements shall be consistent for the interim period being reported. The Company's financial instruments still pertain to cash, advances to related parties, accounts payable and accrued expenses resulting from Company's operations. The main purpose of these financial instruments is to fund the Company's administrative costs while it has no commercial operations yet.
- ii. The discussion on item 2 of the Notes to Financial Statements as to Amendments to PAS 1, *Presentation of Financial Statements*, shall be consistent for the interim period being reported. As the Company has no other comprehensive income, the Company has elected to present one statement of comprehensive income.
- iii. The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements.
- iv. The Company has no significant seasonality or cyclicity in its business operations that would have a material effect on the financial condition or results of operations.
- v. There are no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidents.

- vi. There are no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.
- vii. There are no issuances, repurchases, and repayments of debt and equity securities this interim period.
- viii. There are no dividends paid (aggregate or per share) separately for ordinary shares and other shares.
- ix. Segment reporting is not applicable to the Company.
- x. There are no material events subsequent to the end of the interim period that have not been reflected in the unaudited financial statements for the interim period.
- xi. There is no effect in changes in the composition of the issuer during the interim period, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discounting operations.
- xii. There are no changes in contingent liabilities or contingent assets since the last annual balance sheet.
- xiii. There are no material contingencies and any other events or transactions that are material to an understanding of the current interim period.

PACIFICA, INC.**BALANCE SHEETS**

March 31, 2019 (Unaudited) and December 31, 2018 and 2017 (Audited)

	Unaudited March 31, 2019	Audited December 31, 2018	Audited December 31, 2017
ASSETS			
Current Assets			
Cash in banks (Note 6)	1,262,505	541,540	1,695,458
Advances for Liquidation (Note 7)	50,000	50,000	50,000
Prepaid Expenses	-	-	-
Input taxes (Note 7)	12,684	-	-
Due from related parties	24,168,825		
Total Current Assets	25,494,014	591,540	1,745,458
Noncurrent Assets			
Furniture, fixtures and equipment	-	-	-
Total Noncurrent Assets	-	-	-
TOTAL ASSETS	25,494,014	591,540	1,745,458
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other liabilities	125,500	134,500	134,500
Due to a related party (Note 12)	-	-	-
Loans Payable (Note 8)	-	4,852,581	4,285,760
Accrued expenses	-	-	239,133
Deposit for future stock subscription	33,750,000	2,500,000	2,500,000
Income tax payable	-	-	-
Total Current Liabilities	33,875,500	7,487,081	7,024,893
Equity			
Capital stock – ₱0.005 par value (Note 13)			
Authorized – 40,000,000,000 shares			
Issued and outstanding – 39,965,000,000 total shares held by all stockholders (except 1) as of Mar. 31, 2019 and Dec. 31, 2017	199,825,000	199,825,000	199,825,000
Subscribed and partially paid – 35,000,000 shares as of Mar. 31, 2019 and Dec. 31, 2017 held by one (1) stockholder	175,000	175,000	175,000
Subscriptions receivable	(116,667)	(116,667)	(116,667)
Additional paid-in Capital	10,163,756	10,163,756	10,163,756
Deficit	(218,428,575)	(216,942,630)	(215,326,524)
Total Equity	(8,381,486)	(6,895,541)	(5,279,435)
TOTAL LIABILITIES AND EQUITY	25,494,014	591,540	1,745,458

See accompanying Notes to Financial Statements.

PACIFICA, INC.**STATEMENTS OF COMPREHENSIVE INCOME**

For the 3 months period ended March 31, 2019, 2018 and 2017 (Unaudited)

	3 mos. Jan-Mar, 2019	3 mos. Jan-Mar, 2018	3 mos. Jan-Mar, 2017
INCOME			
Interest income (Note 9)	848	549	68
	848	549	68
EXPENSES (Note 10)			
Professional fees	156,000	381,367	334,509
Membership, association dues and fees		-	-
Salaries and wages		-	-
Transportation and travel	2,737	-	-
Rent		-	-
Representation and entertainment		-	-
Utilities		-	-
Taxes and licenses	1,322,357	22,026	390,282
Supplies	5,699	40,672	-
Depreciation		-	-
Advertising		-	123,900
Others		28,340	59,559
	1,486,793	472,405	909,251
NET LOSS	1,485,945	471,856	909,183
OTHER COMPREHENSIVE INCOME/(LOSS)	-	(957)	(3,164)
TOTAL COMPREHENSIVE LOSS	1,485,945	472,812	912,347
BASIC/DILUTED LOSS			
PER SHARE (Note 14)	(0.00003715)	0.00001182	0.00002281

PACIFICA, INC.**STATEMENTS OF COMPREHENSIVE INCOME**

For the 3 months period ended March 31, 2019, 2018 and 2017 (Unaudited)

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Supplies	5,699	40,672	-
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OTHER COMPREHENSIVE INCOME/(LOSS)	-	(957)	(3,164)
TOTAL COMPREHENSIVE LOSS	1,485,945	472,812	912,347
BASIC/DILUTED LOSS			
PER SHARE (Note 14)	(0.00003715)	0.00001182	0.00002281

See accompanying Notes to Financial Statements.

PACIFICA, INC.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

As at March 31, 2019, 2018 and 2017 (Unaudited)

	Capital Stock (Notes 13)		Subscriptions Receivable (Note 13)	Additional Paid-in Capital (Note 13)	Deficit	Total
	Issued	Subscribed				
BALANCES AT DECEMBER 31, 2016	199,825,000	175,000	(116,667)	10,163,756	(213,107,739)	(561,671)
Collection of subscriptions receivable	-	-	-	-	-	-
Issuance of capital stock	-	-	-	-	-	-
Write-off charged to Retained Deficit*	-	-	-	-	(912,347)	(912,347)
Net loss from Jan to Mar 2017	199,825,000	175,000	(116,667)	10,163,756	(214,020,086)	(3,972,997)
BALANCES AT Mar 31, 2017	199,825,000	175,000	(116,667)	10,163,756	(213,107,739)	(561,671)
BALANCES AT DECEMBER 31, 2017	199,825,000	175,000	(116,667)	10,163,756	(215,326,524)	(5,279,435)
Collection of subscriptions receivable	-	-	-	-	-	-
Issuance of capital stock	-	-	-	-	-	-
Net loss from Jan to Mar 2018	-	-	-	-	(472,813)	(472,813)
BALANCES AT Mar 31, 2018	199,825,000	175,000	(116,667)	10,163,756	(215,799,337)	(5,752,248)
BALANCES AT DECEMBER 31, 2018	199,825,000	175,000	(116,667)	10,163,756	(216,942,629)	(6,895,540)
Collection of subscriptions receivable	-	-	-	-	-	-
Issuance of capital stock	-	-	-	-	-	-
Net loss from Jan to Mar 2019	-	-	-	-	(1,485,945)	(1,485,945)
BALANCES AT Mar 31, 2019	199,825,000	175,000	(116,667)	10,163,756	(218,428,574)	(8,381,485)

PACIFICA, INC.**INTERIM STATEMENTS OF CASH FLOWS**

For the 3 months period ended March 31, 2019, 2018 and 2017 (Unaudited)

	Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	(1,485,945)	(472,812)	(912,347)
Impairment of receivables	-	-	-
Gain on reversal of payables	-	-	-
Loss on write-off of furniture, fixtures and equipment	-	-	-
Adjustment for depreciation	-	-	-
Unrealized foreign exchange	-	3,192	2,109
Provision for probable losses on input tax	-	-	-
Interest Income	-	-	-
Provision for doubtful accounts	-	-	-
Operating loss before working capital changes	(1,485,945)	(469,620)	(910,237)
Decrease (increase) in:			
Input taxes	(12,684)	(80,347)	(73,015)
Advances for liquidation			-
Increase (decrease) in accounts payable and accrued expenses	(9,000)	(13,500)	
Decrease in prepaid expenses	-	-	-
Decrease in due to related parties	-	-	-
Increase in due to a related party	-	-	-
Increase in receivables	-	-	-
Increase in accrued expenses	-	(225,633)	(91,018)
Decrease in income tax payable	-	-	-
Net cash used in operating activities	(1,507,629)	(789,100)	(1,074,271)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in due from related parties	(29,021,406)	-	4,197,360
Increase in deposit for future stock subscription	-	-	-
Net cash from (used in) investing activities	(29,021,406)-	-	4,197,360
CASH FLOWS FROM FINANCING ACTIVITIES			
Collection of subscriptions receivables	-	-	-
Increase (decrease) in deposit for future stock subscription	31,250,000	-	-
Increase (decrease) in loans payable	-	-	(3,217,656)
Net cash from financing activities	31,250,000-	-	(3,217,656)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	-	(3,192)	(2,109)
NET INCREASE (DECREASE) IN CASH IN BANKS	720,965	(792,292)	(96,677)
CASH IN BANKS, BEGINNING	541,540	1,695,458	198,024
CASH IN BANKS, END	1,262,505	903,165	101,347

See accompanying Notes to Financial Statements.

PACIFICA, INC.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information and Status of Operations

Corporate Information

Pacifica, Inc. (the Company), a publicly-listed domestic corporation, was incorporated in the Philippines on September 2, 1957.

In 2007, the Company renewed its corporate life with the Securities and Exchange Commission (SEC) with its primary purpose to engage in exploration, development, and exploitation of mineral resources. Also, the Company is allowed to engage in gas, oil and power-related activities as its secondary purposes.

The Company's registered office address is Manila Harbour Centre, R-10, Vitas, Tondo, Manila.

Status of Operations

On December 28, 2009, the Company entered into an operating agreement with Zam-Iron Mining Corporation (Zam-Iron). Zam-Iron granted the Company an exclusive right to explore, utilize and develop Kabasalan Mining Rights (see Note 4).

In 2010, the Company participated in the bidding conducted by Power Sector Assets and Liabilities Management Corporation (PSALM) for the appointment as independent power producer administrator for the contracted capacity of (a) the Ilijan Combined Cycle Power Plant at Ilijan, Batangas City, (b) the Malaya Thermal Power Plant at Pililia, Rizal, (c) the Unified Leyte Geothermal Power Plant at Tongonan, Leyte, and (d) the Naga Power Plant Complex (Cebu Thermal Power Plant 1 & 2) at Naga, Cebu and a joint venture project with R-II Builders, Inc., and the contracted lease, operation and maintenance of the Subic Diesel Power Plant (SDPP) at Causeway Extension, Subic Bay, Freeport Zone. Unfortunately, the Company's bid for Ilijan and Malaya power plants fell short and it lost the bidding to other rival companies while in the others, the bidding process did not materialize. In 2011, the Company did not participate in any bidding conducted by PSALM.

To generate funds to be used for the acquisition or purchase of mining claims, rights and businesses as may be identified by the Corporation, the BOD approved on July 9, 2009 the call for payment of unpaid subscriptions, which was extended until March 10, 2010. On April 6, 2010, the BOD approved the extension of the call for payment from March 10, 2010 to June 10, 2010.

On June 21, 2011, pursuant to the approval by the BOD, a delinquency sale was held for all 14,619,784,000 delisted delinquent shares in accordance with the provisions of the Corporation Code of the Philippines and the Securities Regulation Code, the results of which were reported to the SEC and the Philippine Stock Exchange. This is the Company's confirmation of management's initiative to source funds. The delinquency sale was undertaken by the Company in its principal office and in the presence of a Notary Public. Pursuant to the rules of the delinquency sale, payment of the winning bid shall be made on or before August 4, 2011. As of the date of this report, all winning bidders have fully paid their bids and have been issued certificates of stock.

Infusion of funds from the auction of delinquent shares held on June 21, 2011 have been used to satisfy the cash requirements for the acquisition or purchase of mining claims, rights and power related business as may be cautiously identified by the Corporation.

The recovery of the Corporation's receivables within the next twelve (12) months has been deemed remote. On August 28, 2015, the Board of Directors unanimously approved the impairment and write-off of the following items from its books of accounts: (1) accounts receivable from 9th Kingdom Investments, Inc., (2) advances to Mikro-Tech Capital, Inc; (3) prepaid royalties in favor of Zam-Iron Mining Corporation, (4) accounts receivables from LRSI and Stradec, and (5) retained deficit which was ratified by the stockholders during its annual stockholders' meeting on October 16, 2015.

2. Summary of Significant Accounting and Financial Reporting Policies

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, Presentation of Financial Statements. The Company presents all items of income and expenses in a single statement of comprehensive income.

The Company presents a third statement of financial position as of the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

Adoption of New and Amended PFRS

(a) Effective in 2016 that are Relevant to the Company

The Company adopted for the first time the following amendment and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2016:

PAS 1 (Amendments)	:	Presentation of Financial Statements – Disclosure Initiative
Annual Improvements	:	Annual Improvements to PFRS (2012-2014 Cycle)

Discussed below are the relevant information about these amendments and improvements.

(i) PAS 1 (Amendments), *Presentation of Financial Statements - Disclosure Initiative*.

The amendment encourages entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, it clarifies that materiality applies to the whole financial statements and an entity shall not reduce the understandability of the financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. It further clarifies that in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the financial statements.

(ii) Annual Improvements to PFRS (2012-2014 Cycle). Among the improvements, the PFRS 7 (Amendment),

Financial Instruments - Disclosure is relevant to the Company but management does not expect these to have material impact on the Company's financial statements:

The amendment provides additional guidance to help entities identify the circumstances under which a contract to "service" financial assets is considered to be a continuing involvement in those assets for

the purposes of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.

(b) Effective in 2016 that are not Relevant to the Company

The following amendment and annual improvements to PFRS are mandatory for accounting periods beginning on or after January 1, 2016 but are not relevant to the Company's financial statements:

PAS 16 and 41 (Amendments)	:	Property, Plant and Equipment, and Agriculture – Bearer Plants
PAS 16 and 38 (Amendments)	:	Property, Plant and Equipment, and Intangible Assets – Clarification of Acceptable Methods of Depreciation And Amortization
PAS 27 (Amendments)	:	Separate Financial Statements –Equity Method in Separate Financial Statements
PFRS 11 (Amendments)	:	Joint Arrangements – Accounting for Acquisitions of interests in Joint Operations
PFRS 14	:	Regulatory Deferral Accounts
PFRS 10, PFRS 12 and PAS 28 (Amendments)	:	Consolidated Financial Statements, Disclosure of interests in Other Entities, and Investments in Associates and Joint Ventures – Investment Entities - Applying the Consolidation Exception
Annual Improvements to PFRS (2012-2014 Cycle) PAS 19 (Amendments)	:	Employee Benefits – Discount Rate: Regional Market Issue
PFRS 5 (Amendments)	:	Non-current Assets Held for Sale and Discontinued Operations –Changes in Methods of Disposal
PFRS 7 (Amendments)	:	Financial Instruments: Disclosures – Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements
PAS 34 (Amendments) Information	:	Interim Financial Reporting - Disclosure of "Elsewhere in the Interim Financial Report"

(c) Effective Subsequent to 2016 but not Adopted Early

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to 2016 which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements:

- (i) PAS 7 (Amendments), *Statement of Cash Flows - Disclosure Initiative* (effective from January 1, 2017). The amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity's debt and related cash flows (and non-cash changes). They require an entity to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities. An entity applies its judgment when determining the exact form and content of the disclosures needed to satisfy this requirement. Moreover, they suggest a number of specific disclosures that may be necessary in order to satisfy the above requirement, including: (a) changes in liabilities arising from financing activities caused by changes in financing cash flows, foreign exchange rate or fair values, or obtaining or losing control of subsidiaries or other businesses; and, (b) a reconciliation of the opening and closing balances of liabilities arising from

financing activities in the statement of financial position including those changes identified immediately above.

- (ii) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2019). This new standard on financial instruments will eventually replace PAS 39 and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;
- an expected loss model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,
- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

In accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding. Moreover, a financial asset is classified and subsequently measured at fair value through other comprehensive income if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVTPL.

In addition, PFRS 9 (2014) allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The amendment also requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather than in profit or loss.

The Company does not expect to implement and adopt PFRS 9 (2014) until its effective date. In addition, management is currently assessing the impact of PFRS 9 (2014) on the financial statements of the Company and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

- (iii) PFRS 15, *Revenue from contract with Customers* (effective from January 1, 2019). The new standard will eventually replace PAS 18, *Revenue*, and PAS 11, *Construction Contracts*, the related Interpretations on revenue recognition: IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreement for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers* and Standing Interpretations Committee 31, *Revenue -Barter Transactions Involving Advertising Services*.

This new standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in the said framework is for an entity to recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

While the Company has no commercial operations yet, management is optimistic that the Company will already have sources of revenues when the standard becomes effective, hence, considers this as relevant to the Company. Accordingly, management is currently assessing the impact of this new standard on the Company's financial statements based on its operational plans.

- (iv) PFRS 16, *Leases* (effective from January 1, 2019). The new standard will eventually replace PAS 17, *Leases*.

For lessees, it requires to account for leases "on-balance sheet" by recognizing a "right of use" asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent

payments and amounts due during optional periods to the extent that extension is reasonably certain. In subsequent periods, the "right-of-use" asset is accounted for similarly to a purchased asset and depreciated or amortized. The lease liability is accounted for similarly to as financial liability using the effective interest method.

However, the new standard provides important reliefs or exemptions for short-term leases and leases of low value assets. If these exemptions are used, the accounting is similar to operating lease accounting under PAS 17 where lease payments are recognized as expenses on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee's benefit).

For lessors, lease accounting remains the same as PAS 17's. In particular, the distinction between finance and operating leases is retained. The definitions of each type of lease, and the supporting indicators of a finance lease, are substantially the same as PAS 17's. The basic accounting mechanics are also similar, but with some different or more explicit guidance in few areas. These include variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

Management is currently assessing the impact of this new standard in its financial statements.

Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments*. All other non-derivative financial instruments are treated as debt instruments.

(a) Classification and Measurement of Financial Assets

Financial assets other than those designated and effective as hedging instruments are classified into the following categories: FVTPL, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as of FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and the related transaction costs are recognized in profit or loss.

Loans and receivables is the only category of financial assets relevant to the Company. Those are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for those with maturities greater than 12 months after the end of each reporting period, which are classified as non-current assets.

The Company's financial assets categorized as loans and receivables are presented as Cash in Bank in the statement of financial position.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any.

(b) Impairment of Financial Assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date of the impairment is reversed. The amount of the reversal is recognized in profit or loss.

(c) Items of Income and Expense Related to Financial Assets

All income and expenses, except those that arise from operating activities which are included as part of Other Income or Expenses, relating to financial assets that are recognized in profit or loss are presented as part of Finance Income or Finance Cost in the statement of comprehensive income.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

(d) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) and due to a related party are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Prepayment and Other Current Assets

Prepayment and other current assets pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the Company and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of the reporting period are classified as non-current assets.

Financial Liabilities

Financial liabilities, which include interest-bearing loan and accrued interest and expenses and due to a related party are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges incurred on a financial liability are recognized as an expense in the statement of comprehensive income, if any.

Interest-bearing loan are raised to finance expected working capital requirements. Finance charges are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Accrued interest and expenses are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to

collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Revenue and Expense Recognition

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that future economic benefits will flow to the Company; and the costs incurred or to be incurred can be measured reliably. In addition, specific recognition criteria must also be met before revenue is recognized. As indicated in Note 1, the Company has no commercial operations yet and currently, it only earns interest income on its Cash in bank.

Interest income is recognized as the interest accrues taking into account the effective yield on the asset.

Expenses are recognized in profit or loss at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis.

Leases - Company as Lessee

Leases which do not transfer to the Company substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as repairs and maintenance and insurance, are expensed as incurred.

The Company determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Foreign Currency Transactions and Translation

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Impairment of Non-Financial Assets

The Company's non-financial assets, if any, are subject to impairment testing. Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the

taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of each reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets, if any, are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Company currently has legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

Related Party Relationships and Transactions

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's executive committee, its chief operating decision maker. The executive committee is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Company's products and service lines as well as geographical location of its operation.

Because the Company has no commercial operations yet (see Note 1), the Company does not present any segment information.

Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premium received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Deficit represents all current and prior period results of operations as reported in the statement of comprehensive loss.

Earnings (or Loss) per Share

Basic earnings (or Loss) per share (EPS) is computed by dividing net profit attributable to equity holders of the Company by the weighted average number of shares issued and outstanding, adjusted retroactively for any stock dividend, stock split or reverse stock split declared during the current period.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. Currently, the Company does not have dilutive potential shares outstanding, hence, the diluted EPS is equal to the basic EPS.

Events after the End of the Reporting Period

Any post-year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. Significant Accounting Judgments and Estimates

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

Critical Management Judgments in Applying Accounting Policies

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

a. Distinction between Operating and Finance Leases

The Company has entered into a lease agreement as a lessee. Critical judgment was exercised by management to distinguish each lease agreement, as either an operating or a finance lease by looking at the transfer or retention of significant risks and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

Management has determined that its lease agreement qualify under operating leases.

b. Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.6 and disclosures on relevant contingencies are presented in Note 15.

Key Sources of Estimation Uncertainty

Determination of realizable amount of deferred tax asset is a key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. As of December 31, 2018 and 2016, the deferred tax assets are not recognized because based on management's assessment there would be no sufficient future taxable profits yet against which the deductible temporary differences and carryforward benefits of unused net operating loss carry-over (NOLCO) could be utilized (see Note 11).

4. Risk Management Objectives and Policies

The Company is exposed to certain financial risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 5. The main types of risks are credit risk and liquidity risk.

The Company's risk management is coordinated with the Board of Directors (BOD) and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets.

5. Categories and Offsetting Of Financial Assets and Financial Liabilities, and Fair Value Measurement and Disclosures

Carrying Amounts and Fair Values by Category

The Company has no financial assets or financial liabilities carried at fair value nor does it have any financial instruments whose fair value is required to be disclosed. The carrying values of its financial assets and financial liabilities that are carried at amortized cost approximate or equal their fair values, accordingly, comparison of their fair values and carrying values is no longer presented.

Offsetting of Financial Assets and Financial Liabilities

The following financial assets with net amounts presented in the statement of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements.

	Gross amounts recognized in the Statement of Financial Position		Net amount presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net Amount
	Financial Assets	Financial liabilities set- off		Financial Instruments	Cash collateral received	
Mar 31 2019						
Cash in bank	1,262,505		P 1,262,505			P 1,262,505
Due from a related party	24,168,825		24,168,825			
24,168,825						

The following financial liabilities with net amounts presented in the statement of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

Gross amounts recognized in the Statement of Financial Position	Net amount presented in the	Related amounts not set off in the statement of financial	Net Amount
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		statement of	position		
Financial	Financial	financial position	Financial	Cash	
Liabilities	assets set-		Instruments	collateral	
	off			received	
Mar 31,					
2019					
Due to a					
related party					

In 2018, the Company has no financial assets or financial liabilities subject to offsetting, enforceable master netting arrangement and similar arrangement.

Fair Value Hierarchy

In accordance with PFRS 13 *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels presented in the succeeding page.

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,
- (c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency; and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Financial Instruments Measured at Fair Value

The Company has no financial assets and liabilities measured at fair value as at December 31, 2018 and 2016 or financial instruments whose fair value are required to be disclosed.

Fair Value Measurement for Non-financial Assets

The Company has no non-financial assets measured at fair value as of December 31, 2018 and 2016.

Financial Instruments Measured at Amortized Cost for which Fair Value is Not Disclosed

As discussed in Note 5.1, carrying values of its financial instruments carried at amortized costs approximate or equal their fair values, hence comparison is no longer disclosed. Accordingly, the Company does not also present a fair value hierarchy. Nevertheless, its cash in bank can be categorized as Level 1 in the hierarchy of financial instruments while the rest of the financial instruments as Level 3.

6. Cash in Bank

Cash in bank, which pertains to demand deposits, amounts to P 1,262,505 and P 541,540 as of March 31, 2019 and December 31, 2018, respectively. It generally earns interest at rates based on daily bank deposit rates

7. Prepayments and other Current Assets

The composition of this account is shown below.

	Note	March 31, 2019	Dec. 31, 2018
Input taxes	11	P 12,684	P -
Advances subject for liquidation		50,000	50,000
		<u>P 62,684</u>	<u>P 50,000</u>

8. Interest-Bearing Loan

On December 29, 2017, the Company obtained a short-term bank loan amounting to P4,285,760 from a local universal bank for working capital requirements. The loan bears annual interest of 2.05%, unsecured and is payable in lump sum on January 15, 2018.

Total interest expense recognized as of March 31, 2019 and December 31, 2018 amounted to P0.00 and P4,149 respectively, and is presented as Finance Cost in the Statement of Comprehensive Income.

9. Other Income

Other income includes:

	Mar 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Unrealized foreign currency exchange gain	P -	P 4,219	P 1,563
Interest Income	848	1,344	2,694
Gain on reversal of payables	-	-	-
		P	
	<u>P 848</u>	<u>5,564</u>	<u>P 4,257</u>

10. Expenses

Details of the Company's expenses by nature are shown below.

	Notes	Mar 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Professional fees		P 156,000	P 840,000	P 1,989,750
Taxes and licenses	16	1,322,357	272,526	6,664
Advertising		-	-	17,842
Others		-	61,797	77,509
Rent		-	-	-

Transportation and travel		2,738	57,363	10,245
Communication		-	9,000	10,139
Printing and supplies		5,699	76,604	45,406
Bank Charges		-	5,000	6,998
Impairment due from related parties	12	-	-	-
Membership, association dues and fees		-	-	19,000
Salaries and wages		-	-	-
Representation and entertainment		-	-	-
Utilities		-	-	-
Impairment of prepaid royalties and input VAT		-	149,479	306,566
Loss on write of furniture, fixtures and equipment		-	104,728	-
Courier		-	41,023	13,640
Other Service Fees		-	-	100
		P 1,486,793	P 1,617,520	P 2,503,859

As discussed in Note 1, ZMC's application for mining exploration was denied in 2013. Consequently, the Company demanded for the full refund of its P50,000,000 prepaid royalties to ZMC. The prepaid royalties which have already been provided with 100% allowance for impairment remained unpaid in 2015 and management has made an assessment that collection of the said amount is remote. Accordingly, the Company wrote off the full amount of the prepaid royalties against the related allowance for impairment in 2015.

In 2015, the Company wrote off its remaining furniture, fixtures and equipment with a carrying amount of P83,800 and recognized the corresponding loss on write-off.

11. Current and Deferred Taxes

There is no tax expense reported in the statement of comprehensive income for the period ended March 31, 2019, and for the years ended December 31, 2018, 2017 and 2016 because the Company is in a tax loss position.

The components of deductible temporary differences and unused NOLCO for which no deferred income tax assets were recognized as of March 31, 2019 are as follows:

	March 31, 2019	2018	2017
Allowance for probable losses	-	-	-
NOLCO	1,485,793	1,367,018	2,067,526
Allowance for doubtful accounts	-	-	-

Deferred income tax assets were not recognized as management believes that it is not probable that the Company would have sufficient future taxable profits against which deductible temporary differences and carry forward benefits of unused NOLCO could be utilized.

The details of the Company's unexpired NOLCO with their corresponding validity or availment periods are as follows:

Year Incurred	Amount	Expired	Balance as of December 31, 2018	Available Until
2017	P 1,367,018	-	P 2,067,526	2021

2016	2,067,526	-	2,140,940	2020
2015	2,140,940	P-	66,943,529	2019
	<u>P5,575,484</u>	<u>P-</u>	<u>P71,151,995</u>	

The Company is subject to minimum corporate income tax (MCIT), which is computed at 2% of gross income, as defined under the tax regulations or the regular corporate income tax (RCIT), whichever is higher. The Company has incurred MCIT amounting to P133,844 in 2015 which is reported as part of Other Current Assets in the statements of financial position (see Note 7). The MCIT incurred in 2015 is valid for application against income tax due until 2019. In 2016, Management has assessed that the possibility of MCIT to be applied in the future period is remote, hence, it was written-off in the current year.

12. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

The Company discloses the nature of the related party relationship and information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements, including, as a minimum, the amount of outstanding balances and its terms and conditions including whether they are secured, and the nature of the consideration to be provided in settlement.

The Company entered into transactions with related parties principally consisting of noninterest-bearing intercompany advances to and from related parties.

12.1 Due from Related Parties

In 2019, the company extends an advance to a related party subject to immediate payment and is offset against the company's existing liability balance. No allowance is established since management has assessed its recoverability to be certain.

12.2 Due to a Related Party

As of March 31, 2019, iHoldings, Inc. has accommodated certain expenses on behalf of the Company. Such amount is presented as Due to a Related Party.

13. Capital Stock

Capital stock as of March 31, 2019 and 2018 consists of:

	Shares		Amount	
	Mar 2019	Mar 2018	Mar 2019	Mar 2018
Capital Stock – P0.005 par value				
Authorized	<u>40,000,000,000</u>	<u>40,000,000,000</u>	<u>P 200,000,000</u>	<u>P 200,000,000</u>
Issued and subscribed	<u>39,965,000,000</u> <u>35,000,000</u>	<u>39,965,000,000</u> <u>35,000,000</u>	<u>P 199,825,000</u> <u>175,000</u>	<u>P 199,825,000</u> <u>175,000</u>
Subscriptions receivable	<u>-</u>	<u>-</u>	<u>(116,667)</u>	<u>(116,667)</u>

The following tables show the movements in the number of outstanding shares:

Issued and subscribed shares:

At March 31, 2019
40,000,000,000
Issuance of capital stock
0
<u>At March 31, 2019</u>
<u>40,000,000,000</u>

Listing with PSE

On November 23, 1959, the Company offered a portion of its stocks for listing with the PSE. The number of common shares registered was 25,345,216,000 with an issue price of P0.005. As of December 31, 2018, the number of holders of such securities is 3,307. The market price of the Company's shares as of December 31, 2018 is P0.0450. The total number of issued shares not listed with the PSE is P14,654,784,000 shares as at December 31, 2017 and 2016.

On June 21, 2011, pursuant to the approval by the BOD, a delinquency sales was held for all 14,654,784,000 delisted delinquent shares in accordance with the provisions of the Corporation Code of the Philippines and the Securities Regulation Code, the results of which were reported to the SEC and the PSE. This is the Company's confirmation of management's initiative to source funds. The delinquency sales was undertaken by the Company in its principal office and in the presence of a Notary Public. During the said auction, a total of 14,654,784,000 shares were bought by the winning bidders. Pursuant to the rules of the delinquency sales, payment of the winning bid shall be made on or before August 4, 2011. As of May 2, 2012, all winning bidders have fully paid their bids and have been issued certificates of stock. Presently, 25,345,216,000 common shares remain to be listed with the PSE while the remaining 14,654,784,000 delisted shares are in the process of relisting to the PSE.

The public auction of the delisted delinquent shares was ratified on October 16, 2015 during the Company's Annual Stockholders Meeting.

Capital Management Objectives, Policies and Procedures

The Company maintains a capital base to cover risk inherent in the business. The primary objective of the Company's capital management is to ensure that it maintains an adequate and strong capital base to support its business. Accordingly, management is currently working on getting fresh investments to revitalize the capital base of the Company (see Note 1).

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the statements of financial position. Capital for the reporting periods under review is summarized below.

	<u>March 31, 2019</u>	<u>Dec. 31, 2018</u>
Total liabilities	P 33,875,500	P 7,487,081
Total capital deficiency	(8,381,485)	(6,895,541)

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. However as at December 31, 2018 and 2017, the Company has capital deficiency and is still working to improve it as discussed in Note 1.

14. Basic/Diluted Loss Per Share

Basic/diluted loss per share is computed as follows:

	March 31, 2019	Dec 31, 2018	Dec 31, 2017
Net loss	P 1,485,945	P 1,616,106	P 2,218,785
Weighted average number of outstanding shares	40,000,000,000	40,000,000,000	40,000,000
Basic/diluted loss per share	P 0.0000371	P 0.0000404	P 0.0000555

The Company has no potentially dilutive common shares as of March 31, 2019, December 31, 2018 and December 31, 2017. Thus, the basic loss and diluted loss per share amounts are the same as of those dates.

15. Financial Risk Management Policies and Objectives

The Company's principal financial instruments pertain to cash in banks, due from and to related parties, and accrued expenses and other liabilities. These financial instruments arise directly from the Company's operations. The main purpose of these financial instruments is to fund the Company's administrative costs.

The main risks arising from the Company's financial instruments are credit risk and liquidity risk. The BOD reviews and agrees on certain policies for managing some of these risks as summarized below:

Credit Risk

Credit risk is the risk that the Company incurs a loss because its counterparties failed to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures to such limits. The Company has no significant concentration of credit risk with any single entity.

With respect to credit risk arising from financial assets, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying values of these instruments.

Cash in banks are classified as *High grade* since these are deposited and invested with reputable banks and can be withdrawn anytime.

High grade receivables pertain to those receivables from clients or customers that consistently pay before the maturity date. *Standard grade* includes receivables and advances that are collected on their due dates even without an effort from the Company to follow them up. *Past due and impaired* are those that are long-outstanding and have been provided with allowance for bad debts.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligation when they fall due. To limit this risk, the Company's stockholders provide the necessary funds when the need arises.

Market Risk

Market risk is the risk of change in fair value of financial instruments from fluctuations in market interest rates (fair value interest rate risk), market prices (equity price risk) and foreign exchange rates (currency risk) whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

Fair value

The carrying amounts of cash in banks, due from and to related parties and accrued expenses and other liabilities approximate their fair values because of their short-term nature.

16. Capital Management

The Company maintains a capital base to cover risks inherent in the business. The primary objective of the Company's capital management is to ensure that it maintains an adequate and strong capital base to support its business. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of its activities.

No changes were made in the objectives, policies and processes from the previous year.

The capital considered by management is the same capital as those indicated in the equity section of the balance sheet.

17. Operating Segment

The Company is engaged in mineral exploration and considers such as its primary activity and only operating segment. The President, which is considered as the chief operating decision maker, monitors the operating results of the Company. The Company has only one geographical segment.

Net loss, total assets and total liabilities as of and for the period ended March 31, 2019, December 31, 2018 and December 31, 2017 are the same as reported elsewhere in the financial statements. Segment information for this operating segment is as follows:

	March 31, 2019	December 31, 2018	December 31, 2016
Net loss	P 1,485,945	P 1,616,106	P 2,218,785
Total assets	25,494,014	591,540	1,745,458
Total liabilities	33,875,500	7,487,081	7,024,893

SCHEDULE: AGING OF ACCOUNTS RECEIVABLE (1) As of March 31, 2019

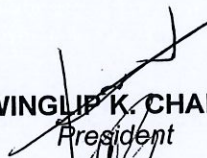
Description	Total	1 Mo	2-3 Mos	4-6 Mos	7 Mos to 1 Yr	1-2 Yrs	3-5 Yrs	5 Yrs- Above	Past Due accounts & Items in Litigation
a)Trade Receivables None (No commercial operation)	-								
b)Non-Trade Receivables 1)Advances to Related Parties Impairment/Write-off*									
Sub Total	-							-	
Less: Allow. for Doubtful Accounts Impairment/Write-off*									
Net Non-Trade Receivable	-							-	
NET RECEIVABLE (a + b)	-							-	

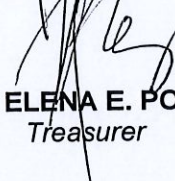
- End -

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this 17-Q report to be signed on its behalf by the undersigned thereunto duly authorized in Manila on MAY 15 2019.

PACIFICA, INC.
Issuer

By:


WING LEE K. CHANG
President


MARIA ELENA E. POCONG
Treasurer