Cash and Property Dividend
The liability for the distribution is measured, initially and until the settlement date, at the fair value of the assets to be distributed. Any changes in the measurement of the liability are recognized in equity. For distributions in which the owners may elect to receive either non-cash assets or a cash alternative, the Group considers the fair value of each alternative and their associated probabilities when measuring the liability.

At the date on which the distribution occur, the liability is remeasured based on the fair value of the assets to be distributed, with any change therein recognized in equity; the liability and the assets distributed are derecognized, any difference between the fair value of the assets distributed and their carrying amount in the consolidated financial statements is recognized as a separate line item in profit or loss and any amounts recognized in OCI in relation to the assets distributed are reclassified to profit or loss or they may be transferred within equity depending on the derecognition requirements in other standards, on the same basis as would be required if the non-cash assets had been disposed of.

<u>Other Comprehensive Income</u>
Other comprehensive income pertains to items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRS.

<u>Revenue</u>
Revenue from Contracts with Customers under PFRS 15
The Group is in the business of selling nickel ores. Revenue from contracts from customers is recognized as or when performance obligations are satisfied by transferring control of goods to the customer. Revenue is measured at the amount that the Group expects to receive under the contract or the transaction price.

Revenue from sale of nickel ores is recognized at the point in time when control of the asset is transferred to the customer upon delivery.

Sale of Nickel Ore
Revenue from sale of nickel ore is recognized in profit or loss on the date that minerals are delivered to the customer. Revenue is the transaction price, net of taxes, such as VAT (if applicable).

Other Income
Other income is recognized when earned.

Interest income is recognized on a time-proportion basis using the effective interest method.

<u>Expenses</u>
Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when the services are rendered, or the expenses are incurred.

Cost of Sales
Cost of sales is recognized when the expense is incurred and is reported in the consolidated financial statements in the periods to which it relates.

Operating Expenses
Expenses incurred in the general administration of the day-to-day operation of the Group are generally recognized when the service is rendered or the expense is incurred.

Employee Benefits
Short-term Employee Benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Leases
Leases under PFRS 16 (Application from January 1, 2019)

At the inception of the contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct to represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and

- the Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermined how and for what purpose it will be used.

At commencement or on modification of the contract that contains a lease component, the Group allocates the consideration of the contract to each lease component on the basis of its relative standalone prices. However, for the leases of property, the Group has elected not to separate the lease and non-lease components and account for the lease and non-lease components as a single lease component.

Group as a Lessee
The Group recognizes right-of-use (ROU) assets and lease liabilities at the lease commencement date. The ROU assets are initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU assets or the end of the lease term. The estimated useful lives of ROU assets are determined on the same basis as those of property and equipment. In addition, the ROU assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from external financing sources and makes certain adjustments to reflect the terms of the lease and the type of the asset leased.

The lease liability is measured at amortized cost using effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group's changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liabilities are remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

Short-term Leases and Leases of Low-value Assets
The Group has selected not to recognize ROU asset and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line bases over the lease term.

Lease under PAS 17 (Applicable before January 1, 2019)
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires 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. A reassessment is made after the inception of the lease only if one of the following applies: (a) there is a change in contractual terms, other than a renewal or extension of the arrangement; (b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term; (c) there is a change in determination of whether fulfillment is dependent on a specific asset; or (d) there is a substantial change to the asset, where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances rise to reassessment for scenarios (a), (c) or (d), and at the date of renewal or extension of period for scenario (b).

Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term. Associated costs such as maintenance and insurance are expensed as incurred.

Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or in OCI, in which case it is recognized in equity or in OCI.

Uncertainties related to taxes that are not income taxes are recognized and measured in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* unless they are dealt with specifically in another standard.

If there is uncertainty about an income tax treatment, then the Group considers whether it is probable that a tax authority will accept the Group's tax treatment included in its tax filing. The underlying assumption in the assessment is that a tax authority will examine all amounts reported and will have full knowledge of all relevant information.

Current Tax

Current tax assets and liabilities for the current period are measured at the amount expected to be paid to the tax authority. The tax rates and tax laws used to compute this amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and the carryforward tax benefits of unused net operating loss carryover (NOLCO), if any, and unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for carryforward tax benefits of unused NOLCO, unused tax credits from excess MCIT and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recognized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

VAT
Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of VAT included.

The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the Group's consolidated statements of financial position.

Final Tax
Final tax represents tax on interest income derived from bank deposits. Final tax is recognized in profit or loss in the same period when the related interest income is recognized and is withheld by the depository bank for remittance to the taxing authority.

<u>Segment Reporting</u>
An operating segment is a component of an entity that: (a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available.

The Group's operating business is organized and managed according to the nature of the products provided. Since there is only one segment representing a strategic business unit that offers the same product for the sale of nickel ores, financial information on business segment is no longer presented in the consolidated financial statements.

<u>Earnings (Loss) Per Share</u>
Basic earnings (loss) per share is computed by dividing the profit (loss) applicable to common stock by the weighted average number of common shares outstanding during the period, with retroactive adjustments for any stock dividends declared.

Diluted earnings (loss) per share is calculated by dividing the profit (loss) attributable to common equity holders by the weighted average number of common shares outstanding during the year, adjusted for the effects of any potentially dilutive common shares.

<u>Foreign Currency Transactions</u>
The functional and presentation currency of the Group is the Philippine peso. Transactions in foreign currencies are recorded in Philippine peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated into Philippine peso using the prevailing exchange rate at the reporting date. Exchange gains or losses arising from translation of foreign currency denominated items at rate different from those at which they were previously recorded are recognized in profit or loss.

Interest Expense
Interest expense is recognized in the consolidated statements of comprehensive as it accrues, using the effective interest method and is presented net of final tax.

Provisions
A provision is a liability of uncertain timing or amount. It is recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Provisions are revisited at each reporting date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money, and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense in the consolidated statements of comprehensive loss.

Provision for Site Rehabilitation
The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailing dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mine assets. Overtime, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statements of comprehensive loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur.

Related Parties
Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Period
Post year-end events that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed when material.

4. Cash

	Note	**2019**	2018
Cash in banks	*20*	**P71,037,221**	P72,738,595
Cash on hand		**45,000**	45,000
		P71,082,221	P72,783,595

Cash in banks earns interest at the prevailing bank deposit rates. Interest income earned amounted to P35,163, P51,178, and P31,472 in 2019, 2018 and 2017, respectively.

As at December 31, 2019, management determined that its cash in banks amounting to P1,237,111 may no longer be recoverable. The Group's bank accounts became dormant and the management has no current plan to re-activate the bank accounts. This creates uncertainty on the recoverability of cash in banks as at December 31, 2019. The Group recognized impairment loss on its cash in banks amounting P1,237,111 in 2019 (see Note 16).

5. Inventories

Inventories of nickel ores are valued at cost amounting to P226,959,760 and P201,392,446 as at December 31, 2019 and 2018, respectively.

Inventories with cost of P82,063,721 as at December 31, 2017 were written down to their NRV of P79,827,452. The loss on inventory write-down to NRV amounted to P2,336,269 in 2017.

In 2019, 2018 and 2017, the cost of inventories recognized in profit or loss amounted to P101,401,713, P33,932,956 and P204,707,991 respectively (see Note 15).

6. Other Current Assets

	2019	2018
Advances to:		
Third parties	**P48,253,750**	P69,429,491
Employees	**12,080,502**	204,701
Prepaid expenses	**2,102,934**	2,000,934
	62,437,186	71,635,126
Allowance for impairment losses	**(13,379,179)**	(12,165,560)
	P49,058,007	P59,469,566

Advances to third parties pertain to advance payments made by the Group to their suppliers and contractors which will be deducted against billings.

Advances to employees are due from Group's employees in the form of unliquidated cash advances which are expected to be liquidated within the next reporting period.

Prepaid expenses primarily consist of prepaid taxes, insurance, supplies and various items that are individually immaterial.

In 2019, the Group determined that its advances to third parties amounting to P1,213,619 may no longer be recoverable as the suppliers and contractors can no longer render the expected services in relation to these advances. Impairment loss recognized in 2019, 2018 and 2017 amounted to P1,213,619, nil and 12,165,560 (see Note 16).

The movements in the allowance for impairment losses are as follows:

	Note	**2019**	2018
Balance at beginning of year		**P12,165,560**	P12,165,560
Impairment loss during the year	*16*	**1,213,619**	-
Balance at end of year		**P13,379,179**	P12,165,560

7. Investment Properties

This account consists of:

	Land	Construction in Progress	Land Reclamation Cost	Total
Cost				
December 31, 2017	P21,385,768	P -	P -	P21,385,768
Additions		375,730,758	-	375,730,758
December 31, 2018	21,385,768	375,730,758	-	397,116,526
Additions	-	244,393,719	486,737	244,880.456
Transfer to property and equipment	-	(620,124,477)	-	(620,124,477)
	P21,385,768	P -	P486,737	P21,872,505

In 2018, the investment properties consist of two parcels of land and the amount capitalized for the Cement Plant Project. During the year, the Group changed its intention and classified the amount capitalized for the Cement Plant Project amounting P620,124,477 from investment property to property and equipment (see Note 8).

The two parcels of land classified as investment properties have a carrying amount of P21,385,768 as at December 31, 2019 and 2018. Fair values, which represent the price that would be received to sell the investment properties in an orderly transaction between market participants at the measurement date on March 11, 2019, amounted to P56,350,000. There is no indication of material changes in fair values as at December 31, 2019.

The fair values of land as investment properties are determined by the Group through an independent property appraiser using the market data approach. In this approach, the values of the parcels of land are based on the following consideration:

- extent, character and utility of the properties;
- comparable properties which have been sold recently, plus current asking prices;
- zoning and current land usage in the locality; and
- highest and best use of the property.

As at December 31, 2019 and 2018, land is idle and did not earn any income nor incur any related expenses, except for real property tax amounting to P242,498 in 2019, 2018 and 2017. This is included under "operating expenses" account in the consolidated statements of comprehensive loss.

In 2019, the Group include the expenditures incurred in its land reclamation project as part of investment property amounting to P486,737 (see Note 22).

Investment properties amounted to P21,872,505 and P397,116,526 as at December 31, 2019 and 2018, respectively.

8. Property and Equipment

Movements and balances of this account are presented below:

	Land	Mine Site Development Cost	Transportation and Field Equipment	Office Space and Improvements	Office Equipment	Construction in Progress	Total
Cost							
January 1, 2018	P91,383,967	P421,154,027	P892,600,909	P39,652,804	P9,199,603	P211,613,630	P1,665,604,940
Additions	12,984,771	-	13,166,504	-	1,767,138	-	27,918,413
December 31, 2018	104,368,738	421,154,027	905,767,413	39,652,804	10,966,741	211,613,630	1,693,523,353
Additions	16,592,535	-	13,659,484	-	572,238	318,281,898	349,106,155
Transfer from Investment Property	-	-	-	-	-	620,124,477	620,124,477
December 31, 2019	**120,961,273**	**421,154,027**	**919,426,897**	**39,652,804**	**11,538,979**	**1,150,020,005**	**2,662,753,985**
Accumulated Depreciation, Amortization and Depletion							
January 1, 2018	-	55,076,023	443,589,702	12,899,308	8,422,249	-	519,987,282
Depreciation, amortization and depletion	-	4,043,788	59,380,994	1,889,283	1,158,005	-	66,472,070
December 31, 2018	-	59,119,811	502,970,696	14,788,591	9,580,254	-	586,459,352
Depreciation, amortization and depletion	-	4,214,034	52,821,097	1,557,926	905,067	-	59,498,124
December 31, 2019	-	**63,333,845**	**555,791,793**	**16,346,517**	**10,485,321**	-	**645,957,476**
Allowance for Impairment Loss							
December 31, 2019 and 2018	-	-	-	-	146,932	196,872,823	197,019,755
Carrying Amount							
December 31, 2018	P104,368,738	P362,034,216	P402,796,717	P24,864,213	P1,239,555	P14,740,807	P910,044,246
December 31, 2019	**P120,961,273**	**P357,820,182**	**P363,635,104**	**P23,306,287**	**P906,726**	**P953,147,182**	**P1,819,776,754**

Construction in progress represents the construction and other direct costs incurred in relation with the Cement Plant located in Cebu and other facilities under construction in Leyte for CHGSI's smelting plant. For the year ended December 31, 2019, the construction in progress consists of additions during the year amounting to P318,281,898 for the cement plant and the transfer from investment properties amounting P620,124,477.

In 2019, the Group transferred previously classified investment properties amounting to P620,124,477 to property and equipment due to management's change of intention on the use of properties in the Cement Plant (see Note 7).

The carrying amount as at December 31, 2019 of the construction in progress in relation with the Cement Plant located in Cebu is P938,406,375

In 2017, CPC has purchased transportation equipment on installment payment basis. Interest expense incurred in 2019, 2018 and 2017 amounted to P4,049, P54,552, and P50,006, respectively.

Depreciation, amortization and depletion charge is recognized under the following:

	Note	2019	2018	2017
Inventories		**P32,675,192**	P47,863,249	P19,836,681
Operating expenses		**11,824,243**	10,877,132	8,161,413
Cost of sales	15	**14,998,689**	7,731,689	49,247,139
		P59,498,124	P66,472,070	P77,245,233

9. Explored Mineral Resources

	2019	2018
Cost	**P2,016,756,977**	P2,016,756,977
Allowance for accumulated depletion	**(391,606,779)**	(364,564,682)
	P1,625,150,198	P1,652,192,295

The movements in the allowance for accumulated depletion as at December 31 are as follows:

	2019	2018
Balance at beginning of year	**P364,564,682**	P348,924,867
Depletion for the year	**27,042,097**	15,639,815
Balance at end of year	**P391,606,779**	P364,564,682

Explored mineral resources are part of the group of assets that the Parent Company acquired in 2008, in exchange for shares of stock of CPC. At acquisition date, these explored mineral resources were measured based on the expected cash flows from the explored area of about 400.0 hectares or 42.0% of total area covered by the MPSA.

The financial model yielded an expected net present value (NPV) on CPC's group of assets amounting to P2,016,756,977 using an investment hurdle rate of 36.6%. The NPV computation assumed an average selling price of USD 27,500 per metric ton of pure nickel, which considered a 16.2% discount to London Metal Exchange quoted prices; a 15-year production and selling period with a maximum annual production yield of 2,000,000 metric tons; and an average production cost of USD 6.4 per wet metric ton. The valuation was prepared by Asian Alliance Investment Corporation (AAIC), an independent financial advisor. Subsequently, the Parent Company appointed Multinational Investment Bancorporation (MIB), another independent financial advisor, to render fairness opinion to the valuation. The result of MIB's report dated April 9, 2008 fairly approximated that of AAIC's report.

For purposes of computing the NPV using discounted cash flow method, the valuation of explored mineral resources involves the extraction of non-replaceable resource.

The assumptions used in the valuation included a number of market factors that are subject to market risk, such as commodity risk and currency risk. Significant changes in the commodity prices and foreign exchange rates would affect the fair value of the explored mineral resource.

Depletion of explored mineral resources is recognized under the consolidated statements of comprehensive loss.

10. Deferred Exploration Costs

Deferred exploration costs pertain to expenditures related to exploration for economic mineral deposits. These include, among others, costs of exploration and mining rights acquisition, geological, geochemical and geophysical surveys, drilling, labor, materials and supplies, professional fees, community relations, and environmental management expenditures attributable to the cement plant project.

As at December 31, 2019 and 2018, the expenditures of the Group amounted to P44,671,548. Exploration activities are covered by a Joint Operating Agreement entered by the Group through CPC (see Note 22).

11. Other Noncurrent Assets

	Note	**2019**	2018
Input VAT		**P62,299,368**	P59,092,897
Deferred input VAT		**-**	2,332,232
Allowance for impairment losses on input VAT		**(20,511,784)**	(9,128,237)
		41,787,584	52,296,892
Rehabilitation funds	*20*	**45,210,948**	43,297,729
Investment in equity securities	*20*	**11,750,000**	1,500,000
		P98,748,532	P97,094,621

Input VAT mainly pertains to the corresponding tax for the purchases of goods and services and acquisition of properties on the Cement Plant Project of the Group.

As at December 31, 2019, management determined that input VAT accumulated from prior years amounting P11,383,547 is no longer recoverable. The Group provided an allowance amounting to P11,383,547 for the year ended December 31, 2019 (see Note 16).

Rehabilitation funds were set up by the Group to ensure availability of financial resources for the satisfactory compliance with and performance of activities of its Environmental Protection and Enhancement Program during the specific phases of its mining projects. The funds also include a Social Development Management Program fund under a Memorandum of Agreement with the Development Bank of the Philippines (DBP).

The Group's rehabilitation funds are deposited with DBP and earn interest at the respective bank deposit rates. Interest income earned amounted to P244,850, P454 and nil in 2019, 2018 and 2017, respectively. The fund balance is compliant with the required balance of MGB as at December 31, 2019 and 2018.

Investment in equity securities pertains to the Parent Company's ownership interest in Century Peak Hotel Management and Development Inc. formerly known as Century Peak Property Development, Inc. which is measured at fair value. The investment in equity securities has a par value of P100 per share. The investment in equity securities amounted to P11,750,000 and P1,500,000 as at December 31, 2019 and 2018, respectively. The fair value is under level 3 of the fair value hierarchy (Note 20).

The non-cash investing activity as at December 31, 2019 pertains to the P10,250,000 additional investment in equity securities. This is included under "Due to related parties" account in the consolidated statements of financial position.

12. Accounts Payable and Other Current Liabilities

This account consists of:

	Note	**2019**	2018
Accounts payable	20	**P125,255,060**	P158,680,459
Others		**963,634**	935,260
		P126,218,694	P159,615,719

The Group's accounts payable pertains to obligations for payment of goods and services that have been acquired from third party suppliers. The credit period on payables is normally on a 30 to 60 days term.

13. Provision for Site Rehabilitation

The movements in this account are as follows:

	2019	2018
Balance at beginning of year	**P15,199,945**	P13,703,365
Accretion of interest	**1,559,331**	1,496,580
Balance at end of year	**P16,759,276**	P15,199,945

A provision is recognized for the estimated rehabilitation costs of the Group's mine site upon termination of the MPSA, which is 25 years. The provision is calculated by the Group's engineers based on an estimate of the expected cost to be incurred to rehabilitate the mine site. The provision is presented at discounted value using the Philippine bond yield of 9.93% as the effective interest rate. The accretion of interest amounting P1,559,331 and P1,496,580, P1,250,950 for the period ended December 31, 2019, 2018 and 2017 is recognized as interest expense under "Other income (charges)" account in the consolidated statements of comprehensive loss.

14. Revenues

This account pertains to the amount of revenue earned by the Group from the sale of nickel ores to customers. In 2019, 2018 and 2017, revenue recognized in profit or loss amounted to P153,479,257, P36,762,232 and P324,570,659, respectively.

15. Cost of Sales

This account consists of:

	Note	**2019**	2018	2017
Depreciation, depletion and amortization*	*8*	**P34,804,110**	P11,243,481	P66,780,640
Fuel and oil		**21,940,165**	3,001,134	28,364,930
Contractors' fees		**20,226,112**	10,283,837	28,191,729
Labor cost		**11,753,907**	3,673,072	24,336,335
Rental		**5,218,516**	2,254,454	36,769,349
Materials		**1,741,222**	894,033	10,724,037
Utilities		**1,507,854**	189,162	1,469,470
Other charges		**4,209,827**	2,393,783	8,071,501
		P101,401,713	P33,932,956	P204,707,991

**This includes depreciation allocated to inventories in the previous period which were sold in a different reporting period amounting to P19,805,421, P3,511,792 and P17,533,501, respectively.*

Fuel and oil pertain to the expenditures on petroleum and similar products incurred by the Group in its operation.

Contractor's fees pertain to the expenses incurred by the Group for third party contractors who are engaged in the operation of the Dinagat mine site.

Labor cost pertains to the amount paid by the Group to its regular, contractual and seasonal employees who are directly involved in its mining operation.

Rental expenses consist of various lease agreements with third parties with terms of less than one (1) year. The rental expenses mainly pertain to the rental for dump trucks, backhoes and payloaders which were leased only when needed for the mining operations. Total cash outflow for rental expenses amounted to P16,587,243, P19,266,697 and P51,579,993 for 2019, 2018 and 2017

Rental expense is recognized under the following:

	2019	2018	2017
Inventories	**P11,368,727**	P17,012,243	P14,810,644
Cost of sales	**5,218,516**	2,254,454	36,769,349
	P16,587,243	P19,266,697	P51,579,993

Other charges include survey fees, repairs and maintenance, and various items that are individually immaterial.

16. Operating Expenses

This account consists of:

	Note	**2019**	2018	2017
Salaries, wages and employee benefits		**P27,210,771**	P23,861,577	P14,196,338
Impairment loss	*4, 6, 11*	**13,834,277**	-	12,165,560
Depreciation and amortization		**9,092,346**	10,780,465	2,345,636
Royalty tax		**7,989,240**	1,779,492	16,228,533
Taxes and licenses		**6,624,988**	21,501,653	18,816,700
Excise tax		**6,420,920**	1,421,138	7,294,078
Professional fees		**5,625,584**	2,333,428	7,468,949
Repairs and maintenance		**2,080,652**	1,233,544	170,943
Service fee		**1,767,888**	4,718,139	2,841,663
Office supplies		**1,744,751**	2,174,381	3,580,346
Utilities		**1,111,442**	1,233,499	851,226
Transportation and travel		**968,817**	1,165,962	704,039
Association dues		**891,186**	965,451	1,125,920
Others		**8,558,135**	12,415,440	4,459,846
		P93,920,997	P85,584,169	P92,249,777

Others include allowances to contractual workers, bank charges and various items that are individually immaterial.

Salaries, wages and employee benefits consist of:

	2019	2018	2017
Basic salaries	**P15,755,580**	P14,653,038	P9,050,732
Benefits	**7,754,206**	6,222,276	4,209,174
13th month pay	**2,051,437**	1,913,613	796,449
Others	**1,649,548**	1,072,650	139,983
	P27,210,771	P23,861,577	P14,196,338

17. Income Taxes

The reconciliation of income tax expense (benefits) computed at the statutory tax rates to income tax expense (benefits) recognized in profit or loss is summarized as follows:

	2019	2018	2017
Loss before income tax	**(P73,237,335)**	(P99,929,760)	(P45,756,440)
Income tax expense computed at statutory tax rates of 30%	**(P21,971,201)**	(P29,978,928)	(P13,726,932)
Income tax effects of:			
Change in unrecognized deferred tax assets	**19,317,606**	29,117,076	2,007,982
Nondeductible expenses	**3,779,150**	415,736	584,000
Interest income subjected to final tax	**(84,004)**	(15,488)	(9,442)
	P1,041,551	(P461,604)	(P11,144,392)

The components of the Group's deferred tax assets recognized in the consolidated statements of financial position are as follows:

2019	**January 1**	**Recognized in Profit or Loss**	**December 31**
Provision for site rehabilitation - net	**P4,559,984**	**P -**	**P4,559,984**
Unrealized foreign exchange loss	**232,103**	**-**	**232,103**
Provision for impairment loss	**3,649,668**	**-**	**3,649,668**
Excess MCIT over RCIT	**93,098**	**-**	**93,098**
Deferred Tax Asset	**P8,534,853**	**P -**	**P8,534,853**

2018	January 1	Recognized in Profit or Loss	December 31
Provision for site rehabilitation - net	P4,111,010	P448,974	P4,559,984
Unrealized foreign exchange loss	219,473	12,630	232,103
Provision for impairment loss	3,649,668	-	3,649,668
Excess MCIT over RCIT	-	93,098	93,098
Deferred Tax Asset	P7,980,151	P554,702	P8,534,853

Under Section 27, a minimum corporate income tax (MCIT) of two percent (2%) of the gross income as of the end of the taxable year is imposed beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the MCIT is greater than the normal income tax due from such corporation. Any excess of the minimum corporate income tax over the normal income tax shall be carried forward and credited against the normal income tax for the three (3) immediately succeeding taxable years.

As at December 31, 2019 and 2018, the Group has MCIT as follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2019	P1,041,551	P -	P -	P1,041,551	2022
2018	93,098	-	-	93,098	2021
	P1,134,649	P -	P -	P1,134,649	

Under Section 244 of National Internal Revenue Code of 1997, the net operating loss of a business or enterprise for any taxable year immediately preceding the current taxable year which had not been previously offset as deduction from gross income, shall be carried over as a deduction from gross income for the next three (3) consecutive taxable years immediately following the year of such loss.

As at December 31, 2019, the Group has NOLCO which can be claimed as deduction against future taxable income as follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2019	P56,292,433	P -	P -	P56,292,433	2022
2018	97,056,920	-	-	97,056,920	2021
2017	11,164,820	-	-	11,164,820	2020
2016	8,882,120	-	8,882,120	-	2019
	P173,396,293	P -	P8,882,120	P164,514,173	

Deferred tax asset arising from NOLCO of other entities in the Group totaling P164,514,173 and P117,103,860 as at December 31, 2019 and 2018, respectively has not been recognized as management believes that it is not probable that sufficient taxable income will be available against which these may be utilized. Movement on unrecognized deferred tax asset are as follows:

	2019	2018
Provision for site rehabilitation - net	**P1,559,331**	P -
Unrealized foreign exchange loss	**3,068,418**	-
NOLCO during the year	**56,292,433**	97,056,920
Unrecognized deferred tax asset computed at statutory tax rates of 30%	**18,276,055**	29,117,076
Excess MCIT over RCIT	**1,041,551**	-
Unrecognized deferred tax asset	**P19,317,606**	P29,117,076

Deferred tax assets - net as at December 31, 2019 are estimated to be settled as follows:

	Amount
To be settled within 12 months	**P232,103**
To be settled after more than 12 months	**8,302,749**
	P8,534,852

18. Equity

Capital Stock

	Number of Shares	Amount
Authorized, P1.0 par value	**3,575,000,000**	**P3,575,000,000**
Issued and outstanding	**2,820,330,450**	**P2,820,330,450**

On June 5, 2008, CPHC filed with the PSE an application for listing by way of introduction of up to a total of 2,820,330,450 common shares of the capital stock of CPHC. The listing application was approved by the PSE on July 22, 2009. No offer price has been set since no initial public offering of shares to be conducted as the subject shares sought to be registered will be listed by way of introduction.

CPHC has 224 and 225 holders of common equity securities as at December 31, 2019 and 2018, respectively.

CPHC is compliant with the minimum public float of 20% that is required by the PSE, where CPHC's shares are traded.

Noncontrolling Interest (NCI)

The following table summarizes the information relating to the Group's subsidiaries:

	2019		
	CHGSI	**CSSI**	**CSCI**
NCI percentage	**45%**	**40%**	**20%**
Current assets	**P1,750,693**	**P207,685,611**	**P84,095,202**
Noncurrent assets	**54,740,974**	**-**	**131,671,667**
Current liabilities	**188,995,170**	**87,818,489**	**209,940,089**
Net assets (liabilities)	**(P132,503,503)**	**P119,867,122**	**P5,826,780**
Carrying amount of NCI	**(P59,626,576)**	**P47,946,849**	**P1,165,356**
Revenue	**P -**	**P -**	**P5,100,000**
Net loss/total comprehensive loss	**(P2,297,455)**	**(P87,280)**	**(P3,186,792)**
Net loss/total comprehensive loss allocated to NCI	**(P1,033,855)**	**(P34,912)**	**(P637,358)**
Cash flows from operating activities	**(2,297,455)**	**(P70,810)**	**(P1,603,032)**
Cash flows from a financing activity	**2,297,455**	**-**	**430,338**
Net decrease in cash	**P -**	**(P70,810)**	**(P1,172,694)**

	2018		
	CHGSI	CSSI	CSCI
NCI percentage	45%	40%	20%
Current assets	P1,750,693	P207,756,421	P80,167,896
Noncurrent assets	54,740,974	-	138,355,428
Current liabilities	186,697,715	87,802,019	212,976,911
Net assets (liabilities)	(P130,206,048)	P119,954,402	P5,546,413
Carrying amount of NCI	(P58,592,722)	P47,981,761	P1,109,283
Revenue	P -	P -	P3,400,000
Net loss/total comprehensive loss	(P2,699,560)	(P24,693)	(P12,194,024)
Net loss/total comprehensive loss allocated to NCI	(P1,214,802)	(P9,877)	(P2,438,805)
Cash flows from operating activities	(P601)	(P796)	P -
Cash flows from a financing activity	600	-	-
Net decrease in cash	(P1)	(P796)	P -

19. Related Party Transactions

The following are the significant related party transactions and balances:

Category/Transaction	Year	Amount of the Transaction	Outstanding Balance Due to Related Parties	Terms	Conditions
Stockholder					
Advances	**2019**	**P628,166,099**	**P1,263,466,183**	**Due on demand; noninterest-bearing**	**Unsecured**
	2018	431,094,303	635,300,084	Due on demand; noninterest-bearing	Unsecured
TOTAL	**2019**		**P1,263,466,183**		
TOTAL	2018		P635,300,084		

Noninterest-bearing cash advances from stockholders were used by the Group to finance its working capital requirements and are to be settled in cash.

Reconciliation of Opening and Closing Balances

	2019	2018
Opening balance	**P635,300,084**	P204,205,781
Advances received during the year	**628,166,099**	431,094,303
Ending balance	**P1,263,466,183**	P635,300,084

Outstanding balance of due to stockholders is to be settled through cash.

The was no key management personnel compensation in 2019, 2018 and 2017.

20. Financial Risk and Capital Management Objectives and Policies

Financial Risk Management

Overview

The Group's financial instruments consist of cash in banks, rehabilitation funds, investment in equity security, due to related parties and accounts payable and other current liabilities. The main purpose of these financial instruments is to finance the Group's current operations. The main risks arising from the use of these financial instruments are credit risk, liquidity risk and market risk.

Risk Management Framework

The BOD and management have overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

There were no changes in the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk from previous year.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash in banks and rehabilitation funds.

The Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of the financial assets, net of the value of the collaterals, if any. The carrying amount of financial assets represents the maximum credit exposure

With respect to the credit risk arising from cash in banks and rehabilitation funds, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of this instrument.

Financial information on the Group's maximum exposure to credit risk as at December 31, 2019 and 2018 is presented below.

	Note	**2019**	2018
Cash in banks	*4*	**P71,037,221**	P72,738,595
Rehabilitation funds	*11*	**45,210,948**	43,297,729
		P116,248,169	P116,036,324

The Group's exposure to credit risk arises principally from the credit risk that arises from default by counterparties.

The table below shows the credit quality by class of financial assets as of December 31, 2019

	2019				
	Neither Past Due nor Impaired				
	High Grade	**Standard Grade**	**Past Due but not Impaired**	**Past Due and Impaired**	**Total**
Financial Assets at Amortized Cost					
Cash in banks*	**P71,037,221**	**P -**	**P -**	**P -**	**P71,037,221**
Rehabilitation funds	**45,210,948**	**-**	**-**	**-**	**45,210,948**
	P116,248,169	**P -**	**P -**	**P -**	**P116,248,169**

**Excludes cash on hand amounting P45,000*

	2018				
	Neither Past Due nor Impaired				
	High Grade	Standard Grade	Past Due but not Impaired	Past Due and Impaired	Total
Financial Assets at Amortized Cost					
Cash in banks	P72,738,595	P -	P -	P -	P72,738,595
Rehabilitation funds	43,297,729	-	-	-	43,297,729
	P116,036,324	P -	P -	P -	P116,036,324

**Excludes cash on hand amounting P45,000*

High grade cash in banks and rehabilitation funds pertain to deposits in reputable banks.

The Group applies the simplified approach using provision matrix in providing for ECL. The expected loss rates are based on the Group's historical observed default rates. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. However, given the short period exposed to credit risk, the impact of this macroeconomic factor has not been considered significant within the reporting period.

Impairment losses are estimated by taking into consideration the following deterministic information: (a) historical losses/write off; (b) losses which are likely to occur but has yet to occur; and (c) the expected receipts and recoveries once impaired.

Expected Credit Loss Assessment

Cash in Banks and Rehabilitation Fund

The Group had cash deposited in banks for working capital purposes and for compliance on the rehabilitation fund requirement by MGB.

Cash in banks and rehabilitation fund of the Group are deposited to banks that qualify as universal banks as defined by the Philippine Banking System. Universal banks represent the largest single group, resource-wise, of financial institutions in the country and hence, considered stable.

As at December 31, 2019, the Group recognized impairment loss amounting to P1,237,111 for those cash in bank account of the Group which are already dormant and from which the Group has no plan to reactivate the bank accounts.

Except for the dormant cash in banks, all the cash deposited in banks including the rehabilitation fund has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash in banks and rehabilitation fund have low credit risk based on the external credit ratings of the counterparties and any ECL is expected to be immaterial.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources. Cash balances are managed with two main objectives: maintain maximum liquidity and minimize the cost of borrowing.

Exposure to Liquidity Risk

The following tables summarize the maturity of the Group's financial liabilities as at December 31, 2019 and 2018 based on contractual repayment arrangements:

	2019		
	Carrying Amount	**Contractual Cash Flows**	**Within One Year**
Accounts payable*	**P125,255,060**	**P125,255,060**	**P125,255,060**
Due to related parties	**1,263,466,183**	**1,263,466,183**	**1,263,466,183**
	P1,388,721,243	**P1,388,721,243**	**P1,388,721,243**

**excluding others amounting to P963,634*

	2018		
	Carrying Amount	Contractual Cash Flows	Within One Year
Accounts payable*	P158,680,459	P158,680,459	P158,680,459
Due to related parties	635,300,084	635,300,084	635,300,084
	P793,980,543	P793,980,543	P793,980,543

**excluding others amounting to P935,260*

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Exposures to Foreign Currency Risk
The Group's currency exposure relates mainly to foreign currency transactions in which trade receivables have to be collected and paid.

The following table shows the Group's significant foreign currency-denominated monetary assets and liabilities and their U.S. dollar equivalents as at December 31, 2019 and 2018:

	2019		2018	
	U.S. Dollar	**Philippine Peso**	U.S. Dollar	Philippine Peso
Cash in banks	**$26,644**	**P1,349,252**	$11,342	P596,362

Sensitivity Analysis
The following table demonstrates the sensitivity of the Group's income before tax to a reasonably possible change in the foreign currency rates, with all variables held constant.

	2019		2018	
Currency	**Strengthening (Weakening) of PHP**	**Increase (Decrease) in Income before Income Tax**	Strengthening (Weakening) of PHP	Increase (Decrease) in Income before Income Tax
USD	**(4%)**	**P53,970**	(1%)	P5,964
	4%	**(53,970)**	1%	(5,964)

This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period.

The following are the significant exchange rates applied during the year:

	As at December 31, 2019		As at December 31, 2018	
	Average Rate	**Closing Rate**	Average Rate	Closing Rate
USD	**51.79**	**50.64**	52.56	52.58

For the years ended December 31, 2019, 2018 and 2017, foreign exchange loss recognized in profit or loss amounted to P3,068,418, P35,552 and P563,789, respectively.

Capital Management
The primary objective of the Group's capital management is to maximize the value of its capital for the benefit of its shareholders and other stakeholders. In order to achieve the objective, the management of the Group reviews its operations and financial performance with the forecasts on a regular basis to ensure that appropriate measures can be taken on a timely and effective manner. In addition, management of the Group also meets regularly to review the Group's capital requirement and the reasonableness of the level of its capital to be maintained.

The Group monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to total liabilities. Total equity comprises all components of equity including capital stock, additional paid-in capital and retained earnings (deficit).

	2019	2018
Total liabilities	**P1,407,042,414**	P810,208,846
Total equity	**2,558,811,964**	2,633,090,850
Debt-to-equity ratio at December 31	**0.55:1**	0.31:1

There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally-imposed capital requirements.

Fair Values
The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Cash in Banks and Rehabilitation Funds
The carrying amounts approximate fair values considering that these instruments are subject to an insignificant risk of change in value.

Due to Related Parties, and Accounts Payable and Other Current Liabilities
The carrying amounts approximate fair values due to the short-term nature of such instruments.

Investment in Equity Securities
Fair values of unquoted equity investments are best approximated by cost due to the unpredictable nature of future cash flows and lack of suitable methods of arriving at more reliable fair value estimate.

21. Loss Per Share Computation

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

	2019	2018	2017
Loss attributable to equity holders the Parent Company (a)	**(P72,572,761)**	(P95,804,417)	(P57,879,890)
Weighted average number of common shares outstanding (b)	**2,820,330,450**	2,820,330,450	2,820,330,450
Basic/diluted loss per share (a/b)	**(P0.0257)**	(P0.0339)	(P0.0205)

The Parent Company has no dilutive shares for the years ended December 31, 2019, 2018 and 2017.

22. Commitments and Contingencies

Contingencies
In 2015, CPC received a Letter of Authority (LOA) from BIR to audit CPC's books for the year 2014. In November 2018, CPC obtained a tax clearance certification from the BIR that CPC has cleared their outstanding tax liability.

In 2019, the Group is not involved in any claims by regulatory agencies.

Joint Operating Agreement with Philippine Mining Development Corporation (PMDC)
On November 18, 2010, CPC entered into a joint operating agreement with PMDC, whereby CPC will act as the operator in the exploration, development, mining operation and utilization of the limestone and associated mineral deposits in Toledo and Pinamungahan, Cebu owned by PMDC. The mineral deposit has a total area of 4,795 hectares and is covered by MPSA-045-96-VII and MPSA-046-96-VII.

The agreement has a term of 25 years and will entitle PMDC to a fixed annual royalty rate of 3% of gross sales from the limestone project, whereas CPC shall be entitled to all the risks and rewards in the mining operations. By virtue of the Agreement, CPC shall not acquire any title or ownership over the contract nor the mining area.

On September 29, 2015, through a Deed of Assignment executed between CPC and CPMDC, CPC assigned its rights over the JOA with PMDC to CPMDC. Through the assignment, CPMDC will handle the Pinamungahan Limestone Quarry Project and will take over from CPC the implementation of its obligations and commitments under the subject JOA.

On July 10, 2019, the MGB approved the Declaration of Mining Project Feasibility (DMPF) under the JOA. The approval shall authorize CPC to proceed to the development and operating periods under the JOA by and between PMDC and CPC, including the extraction and commercial disposition of limestone, pozzolan and other associated minerals in the entire contract area.

The pre-operation and exploration activities are ongoing as at December 31, 2019.

Land Reclamation Project with the Local Government of Cavite
On July 11, 2018, CPC and the Province of Cavite issued a Joint Certification stating that CPC and the Province of Cavite have successfully concluded the detailed negotiations between them for the unsolicited proposal submitted by CPC for the reclamation of 1,333 hectares of land within the territorial jurisdiction of the Province of Cavite.

Under the joint certification issued by both parties, CPC would be entitled to 90% of the total net usable land of the reclaimed area leaving 10% for the government.

The agreement provides at least 80% of the proposed reclamation project, which consists of five islands, and should be completed within the period of six years from the time the government permits, and clearances have been issued by concerned government agencies.

23. Events After the Reporting Period

On March 8, 2020, under Proclamation 922, the Office of the President has declared a state of public health emergency and subsequently on March 16, 2020, under Proclamation 929, a state of calamity throughout the Philippines due to the spread of the Corona Virus Disease 2019 (COVID-19). To manage the spread of the disease, the entire Luzon has been placed under an Enhanced Community Quarantine (ECQ), effective from March 17, 2020 until April 12, 2020, which involved several measures including travel restrictions, home quarantine and temporary suspension or regulation of business operations, among others, limiting activities related to the provision of essential goods and services. On April 7, 2020, the President approved the Inter-Agency Task Force Resolution No. 20 which extended the ECQ until April 30, 2020 and this was extended further until May 15, 2020. On May 11, 2020, the President approved the IATF Resolution No. 35 changing the ECQ to either Modified ECQ or General Community Quarantine (GCQ). From May 16, 2020 until May 31, 2020, the National Capital Region (NCR), Laguna and Cebu City were placed under MECQ while the rest of the country were placed under General Community Quarantine (GCQ). Under MECQ, the government allows partial operations of more businesses however, public transportations are still prohibited while for GCQ the government allows the reopening of more nonessential businesses as well as public transportation with limited capacity.

From June 1, 2020 until June 15, 2020, the NCR, the entire Region 2, 3 and 4-A, Albay, Pangasinan and Davao City were placed under GCQ as approved by the President through the recommendation of IATF. The rest of the country were placed under Modified GCQ. On June 16, 2020, the President extended the GCQ in NCR and other provinces until June 30, 2020 while Cebu City was placed back under ECQ. This was further extended until July 15, 2020.

The Group has determined that these events are non-adjusting subsequent events. Accordingly, the consolidated financial position and performance as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. During the ECQ and MECQ, work from home arrangement was implemented for the administrative and finance department in the Makati Office of the Group to ensure that the support functions for the Group's operations were still carried out. The preparation of mining activities such as ore extractions in the Dinagat Island which usually starts in March of each year was still able to proceed as planned. Sales transaction was also not affected since the usual sale season (shipment of nickel ore) happens during September to October.

As at report date, the Group is continuously monitoring the development of the situation and has implemented its Business Continuity Plan. The quantitative impact of this event on the Group's consolidated financial position and performance for future periods is not yet determinable at this date. Based on the foregoing, the Group assessed that the circumstances do not cast significant doubt on the Group's ability to continue as a going concern.

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REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Century Peak Holdings Corporation and Subsidiaries
Unit 1403 - 1404 Equitable Tower Bank Condominium
8751 Paseo de Roxas, Salcedo Village
Makati City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Century Peak Holdings Corporation and Subsidiaries (formerly Century Peak Metals Holdings Corporation and Subsidiaries) (the "Group") as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, and have issued our report thereon dated July 9,2020.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements of the Group taken as a whole. The supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies.

This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 and no material exceptions were noted (see Annex A).

R.G. MANABAT & CO.

ENRICO E. BALUYUT
Partner
CPA License No. 065537
SEC Accreditation No. 1177-AR-2, Group A, valid until July 9, 2021
Tax Identification No. 131-029-752
BIR Accreditation No. 08-001987-26-2017
Issued September 4, 2017; valid until September 3, 2020
PTR No. MKT 8116756
Issued January 2, 2020 at Makati City

July 9, 2020
Makati City, Metro Manila

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REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
Century Peak Holdings Corporation and Subsidiaries
Unit 1403 - 1404 Equitable Tower Bank Condominium
8751 Paseo de Roxas, Salcedo Village
Makati City

We have audited, in accordance with Philippine Standards on Auditing, the accompanying consolidated financial statements of Century Peak Holdings Corporation and Subsidiaries (the "Group") as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, included in this Form 17-A, and have issued our report thereon dated July 9, 2020.

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

- Map of the Conglomerate
- Supplementary Schedules of Annex 68-J
- Reconciliation of Retained Earnings Available for Dividend Declaration

This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

ENRICO E. BALUYUT
Partner
CPA License No. 065537
SEC Accreditation No. 1177-AR-2, Group A, valid until July 9, 2021
Tax Identification No. 131-029-752
BIR Accreditation No. 08-001987-26-2017
Issued September 4, 2017; valid until September 3, 2020
PTR No. MKT 8116756
Issued January 2, 2020 at Makati City

July 9, 2020
Makati City, Metro Manila

CENTURY PEAK HOLDINGS CORPORATION AND SUBSIDIARIES

(FORMERLY CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES)

SCHEDULE A. FINANCIAL ASSETS

Name of issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the Statement of Financial Position (ii)	Income received and accrued
BDO Unibank, Inc.	P65,507,594	P65,507,594	P34,348
Development Bank of the Philippines	45,210,948	45,210,948	244,850
Century Peak Hotel Management and Development, Inc.	117,500 shares	11,750,000	Nil
Asia United Bank	545,624	545,624	Nil
Bank of China	454,750	454,750	Nil
Security Bank Corp.	113,830	113,830	Nil
Sterling Bank of Asia Inc.	17,548	17,548	Nil
Totals		**P123,600,294**	**P279,198**

CENTURY PEAK HOLDINGS CORPORATION AND SUBSIDIARIES
(FORMERLY CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES)

SCHEDULE B. AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

Name and designation of debtor (i)	Balance at beginning of period	Additions	Amounts collected (ii)	Amounts written off (iii)	Current	Not Current	Balance at end of period

NOT APPLICABLE

CENTURY PEAK HOLDINGS CORPORATION AND SUBSIDIARIES
(FORMERLY CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES)

SCHEDULE C. AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected (i)	Amounts written off (ii)	Current	Not Current	Balance at end of period
Century Peak Corporation	P376,686,516	P -	P286,066,860	P -	P90,619,656	P -	P90,619,656
Century Peak Holdings Corporation (formerly Century Peak Metals Holdings Corporation)	224,811,117	7,000,889	-	-	231,812,006	-	231,812,006
Century Summit Carrier, Inc.	210,556,628	-	3,036,822	-	207,519,806	-	207,519,806
Century Hua Guang Smelting Incorporated	185,601,240	1,300,957	-	-	186,902,197	-	186,902,197
Century Sidewide Smelting Incorporated	100,607	16,469	-	-	117,076	-	117,076
Century Peak MineralsDevelopment Corp.	1,893,055	-	1,337,137	-	555,918	-	555,918
Century Peak Cement Manufacturing Corp.	654,324	969,469,718	-	-	970,124,042	-	970,124,042
Totals	**P1,000,303,487**	**P977,788,033**	**P290,440,819**	**P -**	**P1,687,650,701**	**P -**	**P1,687,650,701**

CENTURY PEAK HOLDINGS CORPORATION AND SUBSIDIARIES
(FORMERLY CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES)
SCHEDULE D. LONG TERM DEBT

Title of issue and type of obligation (i)	Amount authorized by indenture	Amount shown under caption "current portion of long-term debt" in related Statement of Financial Position (ii)	Amount shown under caption "long-term debt" in related Statement of Financial Position (iii)

NOT APPLICABLE

CENTURY PEAK HOLDINGS CORPORATION AND SUBSIDIARIES
(FORMERLY CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES)

SCHEDULE E. INDEBTEDNESS TO RELATED PARTIES (LONG TERM LOANS FROM RELATED PARTIES)

Name of Related Parties (i)	Balance at beginning of period	Balance at end of period (ii)

NOT APPLICABLE

CENTURY PEAK HOLDINGS CORPORATION AND SUBSIDIARIES
(FORMERLY CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES)

SCHEDULE F. GUARANTEES OF SECURITIES OF OTHER ISSUERS

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is filed	Nature of guarantee (ii)

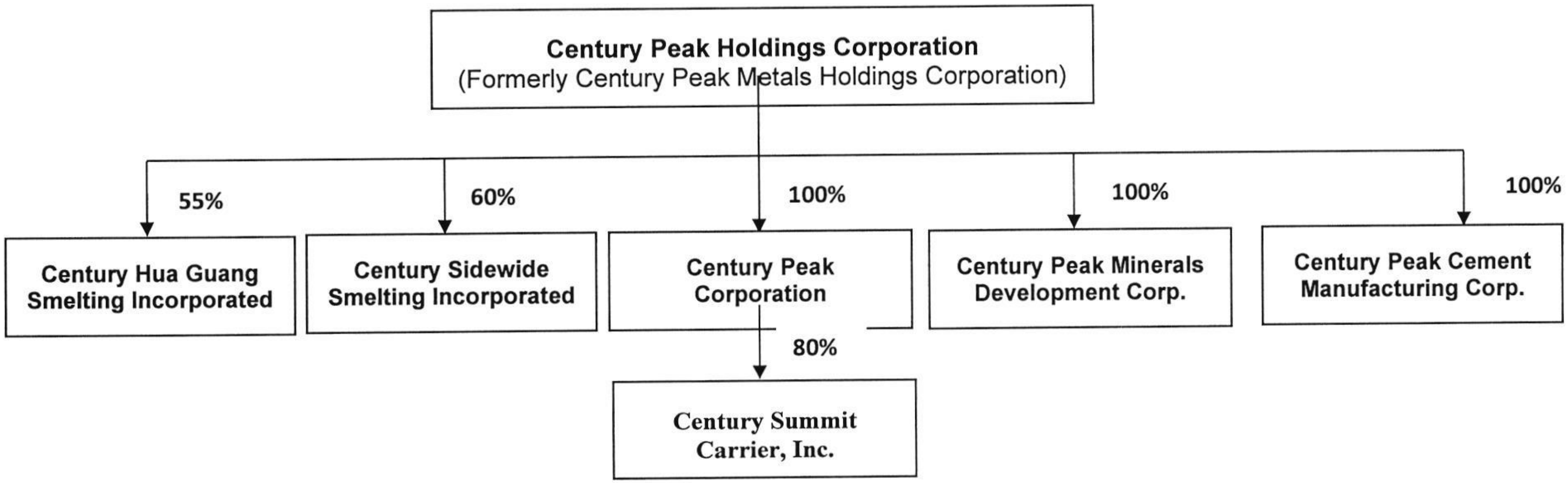
NOT APPLICABLE

CENTURY PEAK HOLDINGS CORPORATION AND SUBSIDIARIES
(FORMERLY CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES)
SCHEDULE G. CAPITAL STOCK

Title of Issue (i)	Number of Shares authorized	Number of shares issued and outstanding at shown under related Statement of Financial Position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related Parties (ii)	Directors, officers and employees	Others (iii)
Common Shares	3,575,000,000	2,820,330,450	-	-	1,924,957,502	1,124,672,948
Totals	**3,575,000,000**	**2,820,330,450**	-	-	**1,924,957,502**	**1,124,672,948**

CENTURY PEAK HOLDINGS CORPORATION AND SUBSIDIARIES
(FORMERLY CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES)

Company Structure
As at December 31, 2019



A. Century Sidewide Smelting Incorporated has been incorporated on September 6, 2011
B. Century Summit Carrier, Inc. has been incorporated on September 29, 2011
C. Century Peak Mineral Development Corp. has been incorporated on September 17, 2015
D. Century Peak Cement Manufacturing Corp. has been incorporated on September 17, 2015

Annex A

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
CENTURY PEAK HOLDINGS CORPORATION AND SUBSIDIARIES
(FORMERLY CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES)
AS OF DECEMBER 31, 2019 AND 2018

RATIO	FORMULA		2019	FORMULA		2018
Current ratio	Total Current Assets divided by Total Current Liabilities		**0.25:1**	Total Current Assets divided by Total Current Liabilities		0.42:1
	Total current assets	P347,099,988		Total current assets	P333,645,607	
	Divide by Total current liabilities	1,390,283,138		Divide by Total current liabilities	795,008,901	
	Current Ratio	0.25		Current Ratio	0.42	
Acid test ratio	Quick Assets *(Total Current Assets less Inventories and Other Current Assets)* divided by Total Current Liabilities		**0.05:1**	Quick Assets *(Total Current Assets less Inventories and Other Current Assets)* divided by Total Current Liabilities		0.09:1
	Total Current assets	P347,099,988		Total Current assets	P333,645,607	
	Less: Inventories	(226,959,760)		Less: Inventories	(201,392,446)	
	Other current assets	(49,058,007)		Other current assets	(59,469,566)	
	Quick assets	71,082,221		Quick assets	72,783,595	
	Divided by: Total current liabilities	1,390,283,138		Divided by: Total current liabilities	795,008,901	
	Acid test ratio	0.05		Acid test ratio	0.09	
Solvency ratio	(Net income plus Depreciation, depletion, amortization and loss on inventory write-down) divided by Total liabilities		**0.01:1**	(Net income plus Depreciation, depletion, amortization and loss on inventory write-down) divided by Total liabilities		-0.02:1
	Net Income	(P74,278,886)		Net Income	(P99,468,156)	
	Add: Depreciation. depletion and amortization	86,540,221		Add: Depreciation. depletion and amortization	82,111,885	
	Loss on inventory write down	-		Loss on inventory write down	-	
		12,261,335			(17,356,271)	
	Divided by: Total Liabilities	1,407,042,414		Divided by: Total Liabilities	810,208,846	
	Solvency ratio	0.01		Solvency ratio	(0.02)	
Debt-to-equity ratio	Total liabilities divided by Total equity		**0.55:1**	Total liabilities divided by Total equity		0.31:1
	Total liabilities	P1,407,042,414		Total liabilities	P810,208,846	
	Divided by: Total equity	2,558,811,964		Divided by: Total equity	2,633,090,850	
	Debt-to-equity ratio	0.55		Debt-to-equity ratio	0.31	
Asset-to-equity ratio	Total assets divided by Total equity		**1.55:1**	Total assets divided by Total equity		1.31:1
	Total assets	P3,965,854,378		Total assets	P3,443,299,696	
	Divided by: Total equity	2,558,811,964		Divided by: Total equity	2,633,090,850	
	Asset-to-equity ratio	1.55		Asset-to-equity ratio	1.31	
Interest rate coverage ratio	Earnings before interest and taxes/Interest expense		**-45.85:1**	Earnings before interest and taxes/Interest expense		-63.42:1
	Earnings before interest and taxes	(P71,673,955)		Earnings before interest and taxes	(P98,378,628)	
	Divided by: Interest expense	1,563,380		Divided by: Interest expense	1,551,132	
	Interest rate coverage ratio	(45.85)		Interest rate coverage ratio	(63.42)	
Return on equity	Net income divided by Total equity		**-0.03%**	Net income divided by Total equity		-0.04%
	Net income	(P74,278,886)		Net income	(P99,468,156)	
	Divided by: Total equity	2,558,811,964		Divided by: Total equity	2,633,090,850	
	Return on equity	(0.03)		Return on equity	(0.04)	
Return on assets	Net income divided by Total assets		**-0.02%**	Net income divided by Total assets		-0.03%
	Net Income	(P74,278,886)		Net Income	(P99,468,156)	
	Divided by: Total assets	3,965,854,378		Divided by: Total assets	3,443,299,696	
	Return on assets	(0.02)		Return on assets	(0.03)	
Net Profit Margin	Net income divided by Net Sales		**-0.48%**	Net income divided by Net Sales		-2.71%
	Net income	(P74,278,886)		Net income	(P99,468,156)	
	Divided by: Net sales	153,479,257		Divided by: Net sales	36,762,232	
	Net Profit Margin	(0.48)		Net Profit Margin	(2.71)	

CENTURY PEAK HOLDINGS CORPORATION
(FORMERLY CENTURY PEAK METALS HOLDINGS CORPORATION)
RECONCILATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

		(Figures based on audited financial statements)
Unappropriated Retained Earnings (Deficit), Beginning, January 1, 2019		**(P174,856,686)**
Unappropriated Retained Earnings, As Adjusted, Beginning		**(174,856,686)**
Net income for the current year based on the face of AFS	P354,251,312	
Less: Non-actual/unrealized income, net of tax:		
Deferred income tax benefit for the year	-	
Equity in net income of associate/ joint venture	-	
Unrealized foreign exchange gain - after tax (except those attributable to cash and cash equivalents)	-	
Fair value adjustment (M2M gains)	-	
Fair value adjustment of Investment Property resulting in gain	-	
Adjustment due to deviation from PFRS/GAAP - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Subtotal	-	
Add: Non-actual losses, net of tax:		
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS/GAAP - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Subtotal	-	
Net income actually earned during the year		**354,251,312**
Add (Less): Others		
Dividend declaration during the period	-	
Appropriations of retained earnings during the period	-	
Reversals of appropriations	-	
Treasury shares	-	
Subtotal	-	
Unappropriated Retained Earnings, As Adjusted, Ending, December 31, 2019		**P179,394,626**