COVER SHEET

9142
SEC Registration No.

METRO GLOBAL HOLDINGS CORPORATION

(Company's Full Name)

MEZZANINE FLOOR, RENAISSANCE TOWER, MERALCO AVE., PASIG
(Business Address: No. Street City/ Town/ Province)

ALICE ODCHIGUE-BONDOC
Contact Person

6336205 loc. 113
Company Telephone Number

DEFINITIVE INFORMATION STATEMENT
(SEC FORM 20-IS)

12 31
Month Day
fiscal year

FORM TYPE

1st Thursday of March
Month Day
annual meeting

Listed
Secondary License Type, If Appplicable

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Amount of Borrowings

Domestic

Foreign

****

To be accomplished by SEC Personnel concerned

File Number

LCU

Dociment I.D.

Cashier

STAMPS

METRO GLOBAL HOLDINGS CORPORATION

Mezzanine Floor Renaissance Towers
Meralco Avenue, Ortigas Center
Pasig City, Philippines

NOTICE

AND

INFORMATION STATEMENT

for the

2018 Annual Stockholders' Meeting on
November 22, 2018, Thursday, 9:00 AM
Batanes Function Room, Edsa Shangri-la Hotel
1 Garden Way, Ortigas Center, Mandaluyong City, Philippines

Metro Global Holdings Corporation

Mezzanine Floor, Renaissance Tower, Meralco Avenue, Ortigas Center Pasig City

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that **METRO GLOBAL HOLDINGS CORPORATION** (the "Company") will hold its Annual Stockholders' Meeting at the Batanes Function Room, Edsa Shangri-La Hotel, 1 Garden Way, Ortigas Center, Mandaluyong City, Philippines on **22 November 2018** (Thursday**) at 9:00** o'clock in the morning with the following:

A G E N D A

1. Call to Order
2. Determination and Certification of Quorum
3. Approval of the Previous Meeting Held on 13 September 2007
4. Report of the Chairman
5. Approval of the Audited Financial Statements for the calendar years ended 31 December 2008 to 31 December 2017
6. Certification and Ratification of Corporate Acts for the years 2008 to 2017
7. Election of Directors (including Independent Directors)
8. Election of External Auditor
9. Amendment of the Articles of Incorporation to:
    a) Increase the capital stock of the Corporation from ₱2,000,000,000.00 to ₱5,000,000,000.00
    b) Expand the Primary Purpose of the Corporation to include businesses engaged in solar, wind and other renewable energy generation facilities.
10. Other matters
11. Adjournment

Only stockholders of record at the close of business on October 16, 2018 are entitled to notice of and to vote at this meeting.

Gilbert R. T. Reyes

GILBERT RAYMUND T. REYES
Corporate Secretary

--We are not soliciting your proxy. However, if you would be unable to attend the meeting but would like to be represented thereat, you may accomplish the herein proxy form and submit the same on or before 9 November 2018 to the Office of the Corporate Secretary at Poblador Bautista & Reyes Law Office, 4th Floor, SEDDCO Building, Rada Street, Legaspi Village, Makati City. Validation of proxies shall be held on 15 November 2018 at 9:00am at the Office of the Corporate Secretary. Thank you.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box

_____ Preliminary Information Statement

__X__ Definitive Information Statement

2. Name of registrant as specified in its charter: **METRO GLOBAL HOLDINGS CORPORATION**

3. **Metro Manila, Philippines**
Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number: **9142**

5. BIR Tax Identification Code: **000-194-408-000**

6. Address of Principal Office: **Mezzanine Floor, Renaissance Towers**
Meralco Avenue, Pasig City 1604

7. Registrant's Telephone Number, including area code: **(+632) 633-6205**

8. Date, time and place of the meeting of security holders

Date	**22 November 2018**
Time	**9:00 a.m.**
Place	**Batanes Function Room, Edsa Shangri-La Hotel,** **1 Garden Way, Ortigas Center, Mandaluyong City, Philippines**

9. Approximate date on which the Information Statement is first to be sent or given to security holders.

Date **23 October 2018**

10. Securities registered pursuant to Section 4 & 8 of the RSA (as of 30 September 2018)

Title of Each Class	Number of Shares Outstanding of Common Stock or Amount of Debt Outstanding
Common Shares	**2,000,000,000**
Amount of Debt Outstanding	**P1,590,674,553**

11. Are any or all registrant's securities listed in the Philippine Stock Exchange

Yes [✓] No [ ]

299,850,000 common shares are listed on the Philippine Stock Exchange ("PSE")

PROXY

The undersigned shareholder(s) of **METRO GLOBAL HOLDINGS CORPORATION**, (the "Company") hereby appoint/s _____________ or in his absence, the Chairman of the Annual Shareholders' Meeting, as proxy of the undersigned shareholders(s) at the annual Meeting of Shareholders scheduled on 22 November 2018 at 9:00 in the morning at the Batanes Function Room, Edsa Shangri-La Hotel, 1 Garden Way, Ortigas Center, Mandaluyong City, Philippines and/or at any postponement or adjournment thereof, and/or any annual shareholders' meeting of the Company, which appointment shall not exceed five (5) years from date hereof.

The undersigned shareholder(s) hereby direct/s the said proxy to vote all shares on the agenda items set forth below as expressly indicated by marking the same with [/] or [x]:

ITEM NO.	SUBJECT	ACTION		
		FOR	AGAINST	ABSTAIN
3	Approval of the Previous Meeting Held on 13 September 2007			
5	Approval of the audited Financial Statements for the calendar years ended 31 December 2008 to 31 December 2017			
6	Certification and Ratification of Corporate Acts for the years 2008 to 2017			
7	Election of Directors (including Independent Directors) for the ensuing year:			
	Robert John L. Sobrepeña			
	Ferdinand T. Santos			
	Noel M. Cariño			
	Rafael Perez De Tagle, Jr.			
	Roberto S. Roco			
	Jaime M. Cacho			
	Alice Odchigue-Bondoc			
	Francisco C. Gonzalez (Independent Director)			
	Eduardo Santos (Independent Director)			
8	Election of External Auditor			
9	Amendment of the Articles of Incorporation to: a) Increase the capital stock of the Corporation from ₱2,000,000,000.00 to ₱5,000,000,000.00 b) Expand the Primary Purpose of the Corporation to include businesses engaged in solar, wind, and other renewable energy generation facilities.			

_________________ _________________________ ____________________ __________

Printed Name of Shareholder | Signature of Shareholder/ Authorized Signatory | Number of Shares to to be represented | Date

This proxy should be received by the Corporate Secretary not later than end of business hours on 9 November 2018. For corporate stockholders, please attach to this proxy form the Secretary's Certificate on the authority of the signatory to appoint the proxy and sign this form.

This proxy when properly executed will be voted in the manner as directed herein by the shareholder/s. If no direction is made, the proxy will be voted for the election of all nominees and for the approval of all matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement.

A shareholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the shareholder attends the meeting in person and expressed his intention to vote in person.

This proxy does not need to be notarized.

PART I

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders (hereinafter the "annual stockholders' meeting" or "meeting")

(a) **Date** **22 November 2018**
Time **9:00 a.m.**
Place **Batanes Function Room, Edsa Shangri-La Hotel, 1 Garden Way, Ortigas Center, Mandaluyong City, Philippines**

Principal Office **Mezzanine Floor, Renaissance Towers, Meralco Avenue, Pasig City, 1604 Philippines.**

(b) **The approximate date on which the Information Statement will be first sent or given to security holders:**

Date **23 October 2018**

WE ARE NOT ASKING FOR A PROXY
AND YOU ARE REQUESTED NOT TO SEND US A PROXY

Item 2. Dissenters' Right of Appraisal

A shareholders has the right to dissent and demand payment of the fair value of his shares in the following instances stated in the Corporation Code, to wit:

(1) In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence. (Sec. 81);

(2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets (Sec. 81);

(3) In case of merger or consolidation of the Corporation with or into another entity (Sec 81); and

(4) In case of any investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the Company was organized (Sec. 42)

There are no matters to be acted upon that may give rise to appraisal rights under the Corporation Code.

Item 3. Interest of Certain Persons in, or Opposition to Matters to be Acted Upon

(a) No person who has been a director or officer of the Company, at any time since the beginning of the last fiscal year, or nominee for election as a director of the Company or associates thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon in the meeting, other than election to office.

(b) None of the directors of the Corporation has informed the Corporation that he intends to oppose any action to be taken at the annual stockholders' meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof:

(a) Number of Shares Outstanding as of 30 September 2018

Common Shares 2,000,000,000

Number of Votes Entitled: one (1) vote per share

(b) All stockholders of record as of 16 October 2018 are entitled to notice of and to vote at the annual stockholders' meeting

(c) Manner of Voting

Under Article V, Section 6 of the By-Laws of the Company, at every meeting of the stockholders of the Company, each share of stock entitles the person in whose name it is registered in the books of the Corporation to one vote provided the shares have not been declared delinquent.

Article V, Section 7 of the By-Laws of the Company provides that the election of Directors shall be by ballot when requested by a voting stockholder,and each stockholder entitled to vote may such number of votes to which the number of Directors to be elected, multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the total number of Directors to be elected. This procedure for voting in the election of Directors is also reflected in the Voting Procedures for Election of Directors in Item 19 of this Information Statement.

(d) **Security Ownership of Certain Record and Beneficial Owners and Management**

i. Security ownership of Record and Beneficial owners owning more than Five Percent (5%) of any class of the Company's voting securities as of 30 September 2018:

Title Of Class	Name and address of Record Owner and relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent (Based on total shares)
Common	Fil-Estate Management, Inc.[1] Mezzanine Floor Renaissance Tower, Meralco Ave. Ortigas, Pasig City	Fil-Estate Management, Inc.[2]	Filipino	1,757,690,198	87.885%
Common	PCD Nominee Corp. (Filipino)[3] 6/F MKSE Bldg. Ayala Avenue, Makati City	PCD participants acting for themselves or for their customers[4]	Filipino	100,579,633	5.029%

ii. Security Ownership of Management

As of 30 September 2018, the Directors and Executive Officers of the Corporation are the beneficial owners of the following number of shares:

[1] Fil-Estate Management, Inc. ("FEMI") is the parent of the Company.
[2] Under the By-Laws and Corporation Code, the FEMI Board has the power to decide how FEMI's shares are to be voted.
[3] PCD is not related to the Company.
[4] Each beneficial owner of shares through a PCD participant is the beneficial owner to the extent of the number of shares in his account with the PCD participant. The Company has no record relating to the power to decide how the shares held by PCD are to be voted.

Title of Class	Name of Beneficial Owner	Citizenship	Amount and Nature of Beneficial Ownership	Percent of Class (of total outstanding shares)
Directors				
Common	Robert John L. Sobrepena	Filipino	241,000 (direct)	.013%
Common	Ferdinand T. Santos	Filipino	1,000 (direct)	.00005%
Common	Noel M. Cariño	Filipino	1,506,500 (direct)	.075%
Common	Jaime Cacho	Filipino	1(direct)	.000%
Common	Alice Odchigue-Bondoc	Filipino	1 (direct)	.000%
Common	Roberto S. Roco	Filipino	1 (direct)	.00005%
Common	Rafael Perez de Tagle Jr.	Filipino	1,000 (direct)	.00005%
Common	Eduardo R. Santos	Filipino	1 (direct)	.000%
Common	Francisco C. Gonzalez	Filipino	1,000 (direct)	.00005%
Other Executive Officers				
Common	Gilbert Raymund T. Reyes ITF for various shareholders	Filipino	1,903,514 (direct)	
	TOTAL		3,653,018,	.08753%

None of the members of the Company's directors and management owns 2.0% or more of the outstanding capital stock of the Company.

iii. Voting Trust Holders of 5% or more

The Company knows of no persons holding more than 5% of common shares under a voting trust or similar arrangement.

iv. **Changes in Control**

No change of control in the Company has occurred since the beginning of the last fiscal year. There are no arrangements with any party which may result in a change in the control of the Company.

v. Foreign Ownership level as of 30 September 2018

Security	Total Outstanding Share	Shares Owned by Foreigners	Percent of Ownership
Common Shares	2,000,000,000	4,610,103	0.2305%

Item 5. Directors and Executive Officers

(a) Information required of Directors and Executive Officers

i. Directors and Executive Officers

The following have been nominated as members of the Board of Directors for the ensuing year, including the Independent Directors:

Name	Age	Citizenship	Executive Position	Term	Years Served
Robert John L. Sobrepeña	63	Filipino	Chairman of the Board	22	1996 – 2018
Ferdinand T. Santos	67	Filipino	President	22	1996 – 2018
Noel M. Cariño	63	Filipino	Director	22	1996 – 2018
Jaime Cacho	61	Filipino	Director	1	2018
Francisco C. Gonzalez	74	Filipino	Director, Independent	8	2010 – 2018

Rafael Perez de Tagle, Jr.	63	Filipino	Director	18	2000 – 2018
Alice Odchigue-Bondoc	51	Filipino	Director	14	2004-2018
Roberto S. Roco	65	Filipino	Director	14	2004 – 2018
Eduardo Santos	64	Filipino	Director, Independent	4	2014 - 2018

The nominees were formally nominated to the Nomination Committee by a shareholder of the Company, Mr. Jaime V. Borromeo. Mr. Francisco C. Gonzalez and Mr. Eduardo Santos, who are incumbent Independent directors of the Company, are nominated as Independent Directors. Mr. Borromeo is not related to any of the nominees for regular directors and independent directors. Taking into account the SEC Memorandum Circular No. 4, Series of 2017, imposing a maximum cumulative term of nine (9) years for independent directors, with the reckoning of the nine-year term from 2012, the nominees for independent directors, Mr. Gonzalez and Mr. Santos are still eligible to serve for three (3) and five (5) more years, respectively, in the Company, if ever.

Under the Section 2, Article III of the By-laws of the Corporation, the nomination of directors, including independent directors, shall be conducted by the Nomination Committee (which is composed of Ferdinand T. Santos as Chairman, Rafael Perez de Tagle Jr., Eduardo R. Santos and Alice O. Bondoc as members) at least thirty (30) days prior to the date of the annual stockholders' meeting. All recommendations shall be signed by the stockholders making the nomination and should have the written acceptance and conformity of the nominees.

The Nomination and Election Committee shall pre-screen the qualifications and prepare a final list of candidates for directors, specifying the nominated independent directors. For this purpose, the Nomination and Election Committee shall promulgate such screening policies and parameters to enable it to effectively review the qualifications of the nominees.

The Nomination and Election Committee shall prepare a Final List of Candidates in accordance with Part IV(A), and (C) of SRC Rule 12 and other applicable rules, or any subsequent amendments thereof. The Final List of Candidates shall be made available to the Securities and Exchange Commission and to all stockholders through the filing and distribution of the Information Statement or Proxy Statement in accordance with applicable rules. The name of the stockholder who nominated the candidate for director or independent director shall be identified in such report. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors and independent directors. Nomination made after the issuance of the Final List of Candidates, or during the annual stockholders' meeting, shall not be allowed.

Section 1, Article III of the By-Laws of the Corporation provide that the business and property of the Corporation shall be managed by a Board of nine (9) directors who shall be stockholders and who shall be elected at each annual meeting of the stockholders in the manner provided therein for a term of one (1) year and shall serve until their successors are elected and duly qualified. At all times, at least two (2) Directors shall be independent directors, as the term is defined by law or regulation, or such number of independent directors as to constitute at least twenty percent (20%) of the members of the Board, whichever is lesser. Twenty percent (20%) of nine directors results to an allocation of one board seat for an independent director.

A summary of the qualifications and business experience of the incumbent directors, nominees for directors for election at the annual stockholders' meeting and incumbent officers in the past five (5) years is as follows:

MR. ROBERT JOHN L. SOBREPEÑA, Filipino, age 63, is the Chairman of the Board of the Company. He is the Chairman of the Board of Fil-Estate Management, Inc., Fil-Estate Properties, Inc., Metro Rail Transit Corporation MRT Development Corporation, Monumento Rail Transit Corporation, CJH Development Corporation, CJH Hotel Corporation, CJH Suites Corporation, CJH Leisure, Inc., Club Leisure Management Corporation, Metro Countrywide Corporation, Metro Solar Power Solutions, Inc., Metro Global Renewable Energy Corporation, MGHC Royalty Holdings Corporation and Philippine Highlands Coffee Farms, Inc.. He is also Vice-Chairman of Southwoods Ecocentrum Corporation. He is likewise the Chairman of Manila Southwoods Golf & Country Club, Inc. and Camp John Hay Golf Club, Inc. He is also President of The Forest Hills Golf & Country Club, Inc.. He graduated with a Bachelor's Degree in Science major in Psychology and Marketing from the De La Salle University in 1978.

ATTY. FERDINAND T. SANTOS, Filipino, age 67, is the President and Chief Risk Officer of the Company. He is also the President of Fil-Estate Management, Inc., Fil-Estate Development, Inc., MRT Development Corporation, Monumento Rail Transit Corporation, MGHC Royalty Holdings, Inc., CJH Development Corporation, CJH Hotel Corporation and CJH Suites Corporation. He is a Director of Global-Estate Resorts, Inc. He is also the Chairman of the Forest Hills Golf & Country Club, Inc., He is likewise the President of Fairways & Bluewater Resort, Golf & Country Club, Inc. and Camp John Hay Golf Club, Inc. He took his Bachelor of Arts at Arellano University in 1970. He has a Bachelor of Law degree from San Beda College where he graduated Valedictorian and Magna Cum Laude in 1974. He was a topnotcher in the 1974 Philippine Bar Exam (2nd Placer).

MR. NOEL M. CARINO, Filipino, age 63, is a Director of the Company. He is also a Director in Fil-Estate Management, Inc., Fil-Estate Development, Inc., CJH Development Corporation, CJH Hotel Corporation and CJH Suites Corporation. He was past Chairman and currently serves as President of the Chamber of Real Estate and Builders Association (CREBA), an umbrella organization of various stakeholders in the construction, real estate and development industry, inclusive of architects, engineers, planners and other real estate brokers practitioners. He is Chairman of SunAsia, Inc., a renewable energy holding company. He is also Chairman of MegaWatt Solutions, Inc., a technology company pioneering in utilizing energy storage solutions. As CREBA President, he is Conferrer of the Dela Salle University Executive Development Program in Real Estate Management.

MR. RAFAEL PEREZ DE TAGLE Jr., Filipino, age 63, is also a Director of the Company. He is also Chairman of Metro Countrywide Corporation and Vice-Chairman of Metro Solar Power Solutions, Inc.. He is the President of CJH Leisure, Inc. and Club Leisure Management, Inc.. He also serves as Director in Metro Rail Transit Corporation, Monumento Rail Transit Corporation, MRT Development Corporation, Fil-Estate Mangement, Inc., CJH Development Corporation, CJH Hotel Corporation and CJH Suites Corporation. He is also a Director of the Manila Southwoods Golf & Country Club, Inc., Camp John Hay Golf Club, Inc. and Forest Hills Golf & Country Club, Inc. He obtained his Bachelor of Arts major in Economics degree from De La Salle University in 1976.

MR. JAIME M. CACHO, Filipino, age 61, is a Filipino citizen. Holds a Bachelor of Arts Degree Major in Communication Arts from De La Salle University, Manila in 1978. Mr. Cacho also has a Master in Business Administration (Candidate) from the Ateneo Graduate School of Business, Manila in 1983. At present, Mr. Cacho is President and Chief Operating Officer of Metro Countrywide Corporation and Metro Solar Power Solutions, Inc. He is also a Director of CJH Development Corporation. He is also concurrently, Head of Project Development and Management Services for Fil-Estate Management, Inc.. Mr. Cacho has over 39 years of top-level management and construction experience earned throughout his career.

MR. FRANCISCO C. GONZALEZ, Filipino, age 74, is the Chairman of the Board and CEO of Romago Corporation and Fabriduct & Metal Systems, Inc. He is the Chairman of the Board of Romago, Inc. Guam and Electro Mechanical Products International, Inc. He also serves as President of Asia Pacific Golf Cars Corporation. He is also a director and serves as Chairman of the Membership Committees of The Manila Southwoods Golf & Country Club, Inc. and Camp John Hay Golf Club, Inc.

MR. ROBERTO S. ROCO, Filipino, age 65, is a Director of the Company. He was the Chief Financial Officer of Global-Estate Resorts, Inc. and its affiliate companies for 18 years until his retirement in late 2013. He graduated from Ateneo de Manila University with a degree in Bachelor of Science in Management.

ATTY. ALICE ODCHIGUE-BONDOC, Filipino, age 51, is also Senior Vice President for Good Governance, Compliance Officer, Corporate Information Officer and Assistant Corporate Secretary of the Company. She is also the Senior Vice President for Corporate & Legal Affairs of the Company's parent company, Fil-Estate Estate Management, Inc. and affiliate companies, Fil-Estate Development, Inc. and New North Fairview Realty & Development, Inc. She is the Director for Corporate & Legal Affairs and Assistant Corporate Secretary of Camp John Hay Development Corporation, CJH Hotel Corporation and CJH Suites Corporation. She is also the Chief Legal Officer and Corporate Secretary of Metro Solar Power Solutions, Inc., Metro Global Renewable Energy Corporation, MGHC Royalty Holdings Corporation and Metro Countrywide Corporation. She is also the Corporate Secretary of Club Leisure Management Corporation and CJH Leisure, Inc.. She took her Bachelor of Science in Business Management major in Legal Management at Ateneo de Manila University and graduated Honorable Mention and Departmental Awardee of the Department of Legal Management in 1987. She holds a Doctor of Jurisprudence degree from Ateneo de Manila University School of Law and graduated as Second Honor-Silver Medal Awardee in 1992.

EDUARDO R. SANTOS, Filipino, age 64, is a Real Estate Broker with PRC License No. 10222 since 1991. He is presently an active member of the Real Estate Brokers Association of the Philippines (REBAP), Greenhills Chapter, of which he was Past President for 2010. He also serves as Director of Lagmandy Trading Corporation. is a radio broadcaster (music) since 1997 and a Director/Chair for Peace & Order for the Horseshoe Village Homeowners Association since 2009. He graduated with a degree in Bachelor of Science in Commerce major in Business Administration at the University of Santo Tomas.

ATTY. GILBERT RAYMUND T. REYES, Filipino, age 60, has been the Corporate Secretary of the Company since 2003. He is a founding partner of the Poblador Bautista and Reyes Law Offices. He is also the Corporate Secretary of CJH Development Corporation, CJH Hotel Corporation, and CJH Suites Corporation. He graduated with a degree in Bachelor of Science in Biology from the University of the Philippines in 1979. He also holds a Bachelor of Laws degree from the University of the Philippines College of Law, graduating with Magna Cum Laude in 1983.

RAMON G. JIMENEZ, Filipino, age 59 is the Chief Financial Officer of the Company. He is also the Controller/Vice-President for Accounting of Fil-Estate Management, Inc.. He is a Director in Metro Solar Power Solutions, Inc., Metro Global Renewable Energy Corporation, MGHC Royalty Holdings Corporation, Metro Countrywide Corporation, Metro Countrywide Holdings, Inc., CJH Development Corporation, Camp John Hay Leisure, Inc., Club Leisure Management Corporation, Fil-Estate Realty Corporation and Magna Ready Mix Concrete Corporation. He graduated with a degree in Bachelor of Science in Commerce major in Accounting at the Polytechnic University of the Philippines.

SOLITA S. ALCANTARA, Filipino, age 57, is the Chief Audit Executive of the Company. She concurrently holds the position of Vice President for Internal Audit of Fil-Estate Management, Inc. (FEMI) and affiliate companies. She is a Certified Internal Auditor and a Certified Public Accountant with over 30 years of solid experience in internal audit, accounting, treasury and budgeting. She graduated with a degree in Bachelor of Science in Commerce major in Accounting from Polytechnic University of the Philippines in 1981. She has earned units of Master's Degree in Business Administration from De La Salle University.

None of the incumbent directors and officers and nominee directors work in government as certified by the Chairman of the Nomination Committee and the Assistant Corporate Secretary of the Company.

ii. Significant Employees

The Company has no employee who is not an executive officer who is expected by the Company to make a significant contribution to the business. The Company's business is not highly dependent on the services of any key personnel.

iii. Family Relationships

There are no family relationships among directors, executive officers or persons nominated to become directors or executive officers.

iv. Involvement in Certain Legal Proceedings

The Company has no knowledge of any of the following events that occurred during the past five (5) years up to the date of this report which are material to an evaluation of the ability or integrity of any director or executive officer:

(a) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; or

(b) Any conviction by final judgment in a criminal proceeding, domestic or foreign;

(c) Any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities;

(d) Found by a domestic or foreign court of competent jurisdiction, the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated securities or commodities law or regulation, the judgment has not been reversed, suspended, or vacated.

(b) Certain Relationship and Related Transactions

There has no change in the controlling majority stockholders of the Corporation. Neither has there been any arrangement with any party, which may have resulted in a change in the control of the Company.

(a) Any director or executive officer of the Company;
(b) Any nominee for election as a director;
(c) Any security holder named in response to Part IV, paragraph (C), IRR, SRC
(d) Any member of the immediate family (including spouse, parents, children, siblings, and in-laws of any of the persons in subparagraph (1)(a), (b) or (c) of this paragraph (D).

(c) **Ownership Structure and Parent Company**
The parent company of the Company is Fil-Estate Management, Inc. which owns 87.885% of the total outstanding voting shares of the Company.

(d) Resignation of Directors

To date, no director has resigned or declined to stand for re-election for the Board due to any disagreement with the Company relative to the Company's operations, policies and practices.

Item 6. Compensation of Directors and Executive Officers

(a) General

Section 8 of the Company's By-Laws on compensation, provides that "Each director shall receive a reasonable per diem allowance for his attendance at each meeting of the board. As a compensation, the Board shall receive and allocate an amount of not more than five (5%) percent of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper."

The directors receive a per diem of ₱10,000 per attendance at Board Meetings, and there is no provision in this section that may be construed as precluding any director from serving in any other capacity and receiving any compensation thereof.

The Company plans to compensate its Chief Executive, Officers and Directors for any and all services rendered in 2017 and prior years. The amount of compensation is to be determined and will be subject to the approval by the BOD.

(b) Summary Compensation Table

Name & Position	Year	Salary	Bonus	Other Annual Compensation	Total
A. 2 Compensated Officers	2018 (Estimated)	1.18 Million	-	-	1.18 Million

	Atty. Alice O. Bondoc, SVP for Good Governance, Compliance Officer Ramon G. Jimenez, Chief Financial Officer					
B.	All other officers and directors as group unnamed	2018 (Estimated)	-	-	-	-

	Name & Position	Year	Salary	Bonus	Other Annual Compensation	Total
C.	2 Compensated Officers	2017	1.04 Million	-	-	1.04 Million
	Atty. Alice O. Bondoc, SVP for Good Governance, Compliance Officer Ramon G. Jimenez, Chief Financial Officer					
D.	All other officers and directors as group unnamed	2017	-	-	-	-

	Name & Position	Year	Salary	Bonus	Other Annual Compensation	Total
E.	2 Compensated Officers	2016	1.04 Million	-	-	1.04 Million
	Atty. Alice O. Bondoc, SVP for Good Governance, Compliance Officer Ramon G. Jimenez, Chief Financial Officer					
F.	All other officers and directors as group unnamed	2016	-	-	-	-

Mr. Robert John L. Sobrepeña does not receive any compensation from the Company by virtue of his position as Chief Executive Officer (CEO) of the Company.

Atty. Ferdinand T. Santos also does not receive any compensation from the Company by virtue of his position as the President of the Company.

The total annual compensation of the top highly compensated executives amounted to P1.04 million in 2017 and P1.04 million in 2016. The projected total annual compensation for the current year is P1.18 million.

The total annual compensation paid to all personnel is all payable in cash. The total amount of compensation includes the basic salary and 13th month pay.

(c) Compensation of Directors and Executive Officers

There is no plan and non-plan compensation awarded or earned to, earned by, paid to, or estimated to be paid to, directly or indirectly, the named executive officers designated under Part IV, paragraph (B) (1) of Annex "C" of the IRR to the SRC and to directors covered by the subparagraph (3) thereof. The directors receive a per diem of P10,000 per attendance of Board Meetings and P5,000 per attendance to Committee meetings.

(i) Standard Arrangements.

There are no standard arrangements, pursuant to which directors of the Company are compensated, directly or indirectly, for any services provided as a director, nor are there any additional amounts payable to any of the Directors for committee participation or special assignments for the last completed fiscal year and the ensuing year.

(ii) Other Arrangements.

There are no other existing arrangements or consulting contracts, pursuant to which any directors of the Company was compensated, or is to be compensated, directly or indirectly, during the last completed fiscal year, or for any services provided as director.

(d) Employment Contracts and Termination of Employment and Change-in-Control Arrangements.

Management of the Company is currently being undertaken by the executive officers of the parent company. For this reason, the company has no existing employment contract with any executive officer nor is there any existing compensatory plan or arrangement, including payments to be received from the Company, with respect to an executive officer's employment with the Company and its subsidiaries or from a change-in-control of the Company or a change in the named executive officers' responsibilities following a change-in-control where the amount involved, if any, including all periodic payments or installments, which exceeds P2,500,000.

(e) Warrants and Options Outstanding: Repricing

The Company has not issued any warrants and there are no outstanding warrants or options held by the Company's CEO, the named executive officers, and all officers and directors as a group.

Item 7. Independent Public Accountant

The external auditors of the Corporation is the accounting firm of Valdes Abad & Company, CPA's. The same firm is being recommended for re-election at the scheduled annual stockholders' meeting. A representative from Valdes Abad & Company CPA's. will attend the stockholders' meeting and will be available to respond to appropriate questions during the meeting. Furthermore, Valdes Abad & Company has an opportunity to make a statement, if they desire to do so.

In compliance with SRC Rule 68, Paragraph 3(b)(iv), requiring the rotation of external auditors, Alfonso L. Cay-An is the new Valdes Abad & Company auditor/partner assigned to handle the Company.

There has been no change in accounts in the last fiscal year and there has been no disagreement with the accountant on the accounting policies of the Company.

Item 8. Compensation Plans

Compensation was paid starting June 2015 up to present with two (2) office personnel.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities other than for Exchange

i. At the annual stockholders' meeting, the management of the Company will request from the stockholders approval or authority to issue Three Billion (3,000,000,000) new common shares.

(a) The Three Billion (3,000,000,000) new common shares to be authorized will have a par value of One Peso (P1.00) per share for a total amount of Three Billion Pesos (P3,000,000,000.00). The new common shares shall result from the planned increase in the capital stock of the Company from P2 billion pesos divided into 2 billion shares with a par value of P1.00 per share to P5 billion pesos divided into 5 billion shares with a par value of P1.00 per share.

The P3 billion increase in capital stock, divided into Three Billion (3,000,000,000) common shares at par value of P1.00 per share is intended to accommodate the subscription to 750,000,000 common shares of the Company at par value of One Peso (P1.00) per share for a total subscription price of Seven Hundred Fifty Million Pesos (P750,000,000.00) by the Company's parent company, Fil-Estate Management, Inc. (FEMI). In payment of the FEMI's subscription, P500,000,000.00 of the subscription price shall be paid via offset of the Company's debt obligation to FEMI to the extent of Five Hundred Million Pesos (P500,000,000.00). The remaining Two Hundred Fifty Million Pesos (P250,000,000.00) balance in the subscription price shall be paid in the manner to be determined by the Company's Board of Directors.

(b) The 3 billion new common shares to be authorized shall have the same voting rights under Section 6, Article V of the By-Laws of the Company, with each share of stock entitled to one vote, provided the shares have not been declared delinquent. The new common shares shall likewise participate in the distribution of dividends pursuant to Section 2, Article VIII of the By-Laws of the Company which provides for twenty-five percent (25%) of the net profits after tax of the Corporation to be made for distribution as dividends to stockholders, subject to the discretion of the Board.

The new common shares to be authorized, as provided for in Article Seventh of the Articles of Incorporation of the Company, shall likewise not be entitled, as a matter of right, to purchase or subscribe to any stock of any class which the Company may issue or sell whether out of the capital stock now or hereafter authorized to be issued by the Company or out of the shares of the Company acquired by it after the issue thereof.

(c) The 3 billion new shares shall all be classified as common shares, with no preference of rights as against the issued and outstanding capital stock of the Company.

(d) Other than the rights discussed above, there are no other material rights of common shareholders.

(e) Article Seventh of the Articles of Incorporation of the Company provides that no transfer of shares of stock of the Company that will reduce the stock ownership of Filipino citizens to less than the minimum percentage of the outstanding capital stock required by law to be owned by Filipino citizens shall be allowed or permitted to be recorded in the books of the Corporation. The same Article Seventh likewise provides that any transfer made in violation of Article Seventh shall be null and void and shall not be registered in the books of the Company. These restrictions in the transfer of shares prevent the change in control of the Company to foreign ownership if the transfer exceeds the percentage of ownership of the Company allowed by law to be held by foreigners. Other than these restrictions, there are no other provisions in the Articles of Incorporation or By-Laws of the Company that would delay, defer or prevent a change of control.

The purpose of the planned P3 billion increase in capital stock is to accommodate the debt-to-equity conversion transaction of the Company with FEMI and to allow the infusion of fresh capital to the Company by investors via private placement or rights offering in the future. For the P500,000,000.00 debt to equity conversion transaction of the Company with FEMI, the receivables of FEMI from the Company to the extent of P500,000,000.00 shall be assigned by FEMI to the Company. Thus, for this portion of the issuance, the Company is not expected to receive cash proceeds. For the remaining P250,000,000.00 issuance, the same shall be paid for in the manner to be determined by the Board of Directors.

ii. The 750,000,000 new common shares at par value of P1.00 per share are to be issued other than in a public offering for cash, but, partly to allow a debt-to equity conversion transaction of the Company with its parent company, FEMI, to reduce the debt of the Company with FEMI to the extent of P500,000,000.00 and the P250,000,000.00 shares to be paid in the manner to be determined by the

Board after the approval of the increase in capital stock of the Company. The issuance will not have an adverse effect on the existing rights of shareholders since the common shares to be issued will have same voting rights and dividend rights as well as restrictions as the issued and outstanding capital stock of the Company. However, the issuance to FEMI will further increase the shareholdings of the Company from 87.99% to 91.26% and reduce the public float from 11.92% to 8.67% after the issuance. The public float issue will be addressed by the Company once the Company proceeds to apply for listing of the newly issued shares.

Item 10. Modification or Exchange of Securities

There are no matters or actions to be taken up for the modification of any class of the Company's securities or the issuance or authorization for issuance of one class of the Company's securities in exchange for outstanding securities of another class.

Item 11. **Financial and Other Information**

The audited financial statements as of December 31, 2017, Management's Discussion and Analysis, Market Price of Shares and Dividends and other data related to the Company's financial information are attached hereto. The Schedules required under Part IV (c) of Rule 68 will be included in the Annual Report (SEC Form 17-A).

Item 12. Mergers, Consortiums, Acquisitions and Similar Matters

There are no matters or actions to be taken up in the annual stockholders' meeting with respect to merger, consolidation, acquisition by sale or liquidation of the Company.

Item 13. Acquisition or Disposition of Property

There are no matters or actions to be taken up in the annual stockholders' meeting with respect to acquisition or disposition of any property by the Company.

Item 14. Restatement of Accounts

There are no matters to be taken up in the annual stockholders' meeting with respect to the restatement of any asset, capital, or surplus account of the Company.

D. <u>OTHER MATTERS</u>

Item 15. Action with Respect to Reports

(a) Approval of the minutes of the annual stockholders' meeting held on 13 September 2007 covering the following matters:

i.- Annual report
ii. Election of the members of the Board, including the Independent Directors; and
iii.Election of the external auditor and fixing of its remuneration

(b) Approval of the annual reports of the Management for the years ending December 31, 2008 up to December 31, 2017, including the audited financial statements for the years 2008 up to 2017

Item 16. Matters Not Required to be Submitted

There were no matters submitted to a vote of security holders during the fourth quarter of the calendar year covered by this report.

Item 17. Amendment of Charter, Bylaws or Other Documents

(1) Amendment of Article Seventh of the Articles of Incorporation to increase the capital stock of the Company from P2 billion pesos divided into 2 billion shares with a par value of P1.00 per share to P5

billion pesos divided into 5 billion shares with a par value of P1.00 per share. After the approval of the amendment, Article Seventh shall read as follows (with amendments in BOLD LETTERS and UNDERSCORED:

"That the capital stock of the said Corporation is **FIVE BILLION PESOS (P5,000,000,000.00**), Philippine currency divided into **FIVE BILLION (5,000,000,000)** shares with a par value of One Peso (P1.00) Philippine Currency per share. (As Amended on _________)"

At present, the entire Two Billion (P2,000,000,000.00) authorized capital stock of the Company has already been fully subscribed and almost paid-up in the amount of P1,998,553,181.00. This proposed amendment consisting of Three Billion (P3,000,000,000.00) increase in capital stock will allow the Company to accommodate stock issuance in payment of long overdue debt to the Company's major shareholder, Fil-Estate Management, Inc. to the extent of P500,000,000.00.

This transaction will help improve the Company's financial position with an increase in equity and a decrease in its liabilities, which will address the Company's capital deficiency balance.

Furthermore, the proposed increase in capital stock will make shares available for issuance to raise funds for strategic projects in the future.

(2) Amendment of the Article Second of the Articles of Incorporation to include in the primary purpose of the Company investment in businesses engaged in solar, wind and other renewable energy generation facilities. After the approval of the amendment, Article Second (PRIMARY PURPOSE) shall read as follows (with amendment in BOLD LETTERS and UNDERSCORED:

"To acquire by purchase, exchange, assignment, gift or otherwise, and to hold, own and use for investment or otherwise, and to sell, assign, transfer, exchange, lease, let, develop, mortgage, pledge, traffic, deal in, and with and otherwise operate, manage, enjoy and dispose of any and all properties of every kind and description and wherever situated, as and to the extent permitted by law, including but not limited to buildings, **SOLAR, WIND AND OTHER RENEWABLE POWER GENERATION FACILITIES**, tenements, warehouses, factories, edifices, and structures and other improvements, xxx (As Amended on _________)"

This proposed amendment will allow the Company to expand its investments into businesses engaged in solar, wind and other renewable energy generation facilities.

Item 18. Other Proposed Action

(1) Ratification of corporate actions taken by the Board of Directors and Officers for the year 2008 up to present.

The corporate actions for ratification include: approval of change of bank signatories; approval of engagement of law firm to defend against nuisance suit; approval of postponement of annual stockholders' meeting; approval of election of directors (including Independent Director) to fill in vacancies in the Board of Directors; approval of appointment of officers and organization of committees required under the Manual on Good Governance and subsequently the Code of Corporate Governance; approval of compliance reports required by the Securities and Exchange Commission under the Full Disclosure Rules and Securities Regulation Code of the said regulatory agencies; approval of additional listing of issued shares at the Philippine Stock Exchange to comply with the latter's directive and approval of new subscriptions to new shares to be issued out of the proposed increase in capital stock of the Company.

(2) Election of the members of the Board, including the Independent Directors, for the ensuing year

(3) Election of the external auditor

Item 19. Voting Procedures

(1) Vote required: The affirmative vote of at least a majority of the issued and outstanding capital stock entitled to vote present in person or by proxy constituting a quorum in the annual stockholders' meeting is required for the approval of the matters presented to the stockholders for decision. The election of directors is by plurality of votes.

(2) Method of Voting: Straight and Cumulative Voting

In all items for approval, each voting share of stock entitles its registered owner as of the record date to one vote.

In the case of the election of Directors, each stockholder entitled to vote may cast the vote to which the number of shares he owns entitles him for as many persons as the number of Directors to be elected, multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he may see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the total number of directors to be elected.

Voting will by ballot when requested by voting stockholders or by viva voce, or by other means of communicating his approval or objection. All votes will be counted and tabulated by the external auditor, Valdez Abad & Company, CPAs.

Undertaking to provide Annual Report

The Company undertakes to provide without charge each stockholder with a copy of its Annual Report on SEC Form 17-A upon written request to the registrant addressed to:

Mr. Ramon G. Jimenez
Chief Financial Officer
Mezzanine Floor, Renaissance Tower
Meralco Avenue, Pasig City

BDO Unibank, Inc.
Stock Transfer & Settlement
7899 Makati Avenue
Makati City

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report was signed in the City of Pasig on 19 October 2018.

METRO GLOBAL HOLDINGS CORPORATION

By:

FERDINAND T. SANTOS
President

METRO GLOBAL HOLDINGS CORPORATION

MANAGEMENT REPORT

For the
2018 Annual Meeting of the Stockholders
Pursuant to SRC Rule 20 (4)

Item No. 11 Financial and Other Information

Audited Financial Statement and Interim Financial Statements

The Audited Financial Statements as of December 31, 20017, 2016 and 2015 certified by Mr. Alfonso L. Cay-An, Partner, Valdez Abad & Company, CPAs are attached hereto. The Statement of Management's Responsibility and the Schedules Required under Part IV (C) of Rule 48 are included in the Annual Report (Form 17-A).

The 3rd Quarter Interim Financial Statements for the Quarter ended September 30, 2018 are also attached hereto.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

There have been no disagreements with the Corporation's Accountants, past or present, on accounting and financial disclosures. Since 2014 up to the present, Valdez Abad & Company, CPAs continues to be engaged as the external auditor of the Company.

Attendance of Accountants at the Meeting

Representatives of the Corporation's external accountants, Valdez Abad & Company, CPAs for the calendar year 2017, are expected to be present at the Annual Stockholders' Meeting scheduled on 22 November 2018. Said accountants will be given the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions on the Corporation's Financial Statements.

BUSINESS AND GENERAL INFORMATION

Metro Global Holdings Corporation (the Company), formerly Fil-Estate Corporation was incorporated on September 17, 1954 originally as San Jose Oil, Incorporated. The original and primary purpose of the corporation was to prospect for and market, oil, natural gas and other minerals and secondarily, to invest in non-mining corporation or other enterprises. The Company is listed in the Philippines Stock Exchange (PSE) on May 4, 1964.

In July 1996, the Board of Directors (BOD) and the stockholders of the Company approved (a) the change in the Company's primary purpose from oil exploration to that of a holding Company authorized to engage in property and infrastructure development and the relegation of its erstwhile primary purpose to one of the Company's secondary purposes: and (b) the increase in the Company's authorized capital stock from ₱300.0 million, divided into 30.0 billion shares with par value of ₱0.01 per share, to ₱2 billion, divided into 2 billion shares with a par value of ₱1.00 per share; and (c) the declassification of Class A and B common shares to a single class of common share.
On January 22, 1998, the Securities and Exchange Commission (SEC) approved the change in the corporate name of San Jose Oil, Incorporated to Fil-Estate Corporation, accompanied by a shift in the primary purpose to that of a holding company engaged in property and infrastructure development, the declassification of Class A and B common shares to a single class common shares, and the change in its par value from ₱0.01 in 1997 to ₱1.00 in 1998.

On December 11, 2000, the Securities and Exchange Commission (SEC) approved the Company's increase in authorized capital stock from 300 million shares to two (2) billion shares. Fil-Estate Management, Inc. (FEMI) subscribed to 700 Million shares in exchange for the assignment of its interest in the Metro Rail Transit Holdings, Inc. (MRTHI) and Metro Rail Transit Corp., Limited (MRTCL).

On September 9, 2004, The Securities and Exchange Commission (SEC) approved the extension of the Company's term of existence for another 50 years.

The Company's key investment is in the form of equity interest in Metro Rail Transit Holdings (MRTH1), Inc. and Metro Rail Transit Holdings 11, Inc. (MRTH11). The combined investment in these holding companies represents approximately 29% interest in the EDSA MRT Systems. The Phase 1 of the MRT project (LRTS Phase 1) started full operation on July 15, 2000 and involved thirteen (13) stations from the North Triangle to Taft Avenue.

The Company has a 28.47% equity interest in Monumento Rail Transit Corporation (Monumento Rail) which as a result allows participation in the train system extension (e.g. the Makati Loop) and additional train/vehicle procurements in the event the Philippine government awards the project to MRTC.

Since 2007 the Company has voluntarily suspended the trading of its securities to allow the Company to re-align its business and explore new strategic directions.

PLAN OF OPERATION

Metro Global Holdings Corporation continues to be a stakeholder of the Metro Rail Transit Project through its holding company MRTHI and its associate, Monumento Rail.

Concurrently MGH's strategy is to maintain itself as a holding corporation with key investments in the form of equity interests in MRTHI and MRTHII. The combined investments in these two holding companies represent approximately 29% interest in the EDSA MRT Systems. The Phase 1 of the MRT Project (LRTS Phase 1) involving 13 stations spanning the North Triangle to Taft Avenue began full operation on July 15, 2000. The operation for the next twelve (12) months was strictly confined to that of an investee corporation.

The Company continues, through its holdings in Monumento Rail, to actively pursue its participation in the train system extensions (e.g. Makati Loop) and capacity expansion via procurement of additional trains/vehicles.

For the past three (3) years, the Company's main source of income has been its share in the rental income which is termed as "depot royalties" that it receives annually from North Triangle Depot Commercial Corporation (NTDCC). The Company recognized leased depot royalties (classified as "Other Income" in the audited financial statements) of P27.8 million in 2017, P27.0 million in 2016 and P25.0 million in 2015. It recognized a net loss of P5.5 million in 2017, P2.5 million in 2016 and P1.0 million in 2015. The net loss in 2017, 2016 and 2015 was primarily due to operating expenses of P16.5 million,P12.6 million and P11.3 million respectively .

The Company's Deficit posted an increase of P5.5 million in 2017, P4.1 million in 2016 and P1.0 million in 2015. The Company continues to recognize a negative Stockholders Equity balance of P45.9 million in 2017, P39.4 million in 2016 and P37.6 million in 2015.

With the planned increase in the Company's Authorized Capital Stock (ACS) from P2 Billion, divided into 2 Billion shares at P1.00 per share, to P5 Billion, divided into 5 Billion shares at P1.00 per share, and with the additional subscription by FEMI to P750 million, divided into 750 million shares at P1.00 per share, the Company's Stockholders Equity balance is expected to result in a positive balance of approximately P689.8 million.

The Stockholder's Equity portion before and after issuance to FEMI of the 750 million shares follows:

	September 30,2018	
	Before Issuance	After Issuance
Capital Stock	**1,998,553,181**	**2,748,553,181**
Additional paid-in capital	**589,120,803**	**589,120,804**
Cumulative Market Adjustment	**1,815,286**	**1,815,286**
Deficit	**(2,649,653,906)**	**(2,649,653,906)**
STOCKHOLDERS EQUITY	**(60,164,635)**	**689,835,366**

The Company will secure the approval of its shareholders for the planned increase in ACS at the Annual Stockholders' meeting to be held on November 22, 2018, before the submission of the same to the Securities and Exchange Commission for approval.

Operations for the Next Twelve months

The Company does not anticipate any material transactions that will require additional funding nor does it foresee any cash flow or liquidity problems within the next twelve (12) months.

The Company does not plan any product research and development within the same period.

There are no expected purchases or sale of plant and significant equipment within the next 12 months as the Company is not engaged in any manufacturing business.

The Company's internal source of liquidity comes primarily from its share in the rental income termed as "depot royalties" it receives from NTDCC. The company's external source of financing comes from advances made by FEMI, the parent company of the Company.

The Company will offer to the public the unsubscribed portion of its planned increase in ACS of P2.25 Billion, divided into 2.25 Billion shares at P1.00 per share. The public offering is expected to improve the Company's financial position and generate enough funds to pursue its new business of investing in solar, wind and other renewable power generation companies.

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

Financial Highlights for the years 2017, 2016, and 2015 are presented below:

	2017	2016	2015
Other Income	27,848,761	27,067,899	25,017,802
Other Expense	(11,615,849)	(15,675,789)	(14,756,740)
Net Income/ (Loss)	(5,491,197)	(2,536,274)	(1,019,074)
Total Assets	1,544,774,597	1,554,331,040	1,560,122,289
Total Liabilities	1,590,674,553	1,593,775,614	1,597,703,923
Net Worth	(45,899,956)	(39,444,573)	(37,581,635)
Issued and Subscribed Capital	2,000,000,000	2,000,000,000	2,000,000,000

The top key performance indicators of the Company are as follows:

	December 31, 2017	December 31, 2016	December 31, 2015
Current Ratio	0.0911:1	0.0917:1	0.0713:1
Current Assets	40,993,848	40,469,757	30,758,305
Current Liabilities	449,882,513	441,388,559	431,479,331
Assets to Equity Ratio	(33.65):1	(39.40):1	(41.51):1
Total Assets	1,544,774,597	1,554,331,040	1,560,122,289
Stockholders Equity	(45,899,956)	(39,444,573)	(37,581,635)
Debt to Equity Ratio	(34.65):1	(40.40):1	(42.51):1
Total Liabilities	1,590,674,553	1,593,775,614	1,597,703,923
Stockholders Equity	(45,899,956)	(39,444,573)	(37,581,635)
Equity to Debt Ratio	(0.03):1	(0.02):1	(0.02):1
Stockholders Equity	(45,899,956)	(39,444,573)	(37,581,635)
Total Liabilities	1,590,674,553	1,593,775,614	1,597,703,923
Book Value per Share	(0.02)	(0.02)	(0.02)
Stockholders Equity	(45,899,956)	(39,444,573)	(37,581,635)
Shares Outstanding	2,000,000,000	2,000,000,000	2,000,000,000
Earnings/(Loss) per Share	(0.00)	(0.00)	(0.00)
Net Income/(Loss)	(5,491,197)	(2,536,274)	(1,019,074)
Average Number of Shares Outstanding	1,998,553,181	1,998,553,181	1,998,553,181

Management Discussion and Analysis

Review of 2017 Operation

Key Performance Indicators

Current ratio for 2017 and 2016 remains the same as there was no significant change in the balances of current assets and current liabilities.

Assets to Equity Ratio resulted in negative in 2017 due to the negative equity balance of the Company. Total Assets decreased by P9.5 million in 2017 as compared to 2016 due to the decrease in the value of Available for Sale Financial Assets in view of the impairment loss recognized by the Company in 2017.

Debt to Equity Ratio for 2017 resulted in the negative because of the Company's negative equity balance. The continued decrease in Total Liabilities was primarily due to partial payments made by the Company to FEMI.

Book Value per Share is computed at (P0.02) and Loss per share is (P0.00) in 2017. This is in view of the Company's incurred a net loss of P5.5 million in 2017.

Major Movements in Statement of Financial Position as follows:

a. Cash decreased by P59,545 (from P931,146 in 2016 to P871,601 in 2017) due to increased usage of funds to pay off various payables and expenses.
b. Receivables increased by P684 Thousand, (from P37.9 million in 2016 to P38.6 million in 2017) due to the increase in the Company's share in the lease rental income termed as Depot royalty received from North Triangle Depot Commercial Corporation (NTDCC), accrued during the year.
c. Other Current Assets decreased by P100,803 (from P1,579,007 in 2016 to P1,478,204 in 2017) due to lower unused input vat recognized in 2017.
d. Available-for-sale financial assets decreased by P12.5 million (from P1.507 billion in 2016 to P1.495 billion in 2017) due to recognition of impairment loss of P11.5 million.
e. Investment in Associate decreased by P20,833, (from P6,057,239 in 2016to P6,036,406 in 2017) in view of the Company's share in the net loss of Monumento Rail in 2017.
f. The increase in the Investment in Subsidiary of P2,499,500 in 2017 was due mainly to the Company's acquiring 99% equity in MGHC Royal Holdings Corporation. The Company has not acquired any new investment in 2016.
g. Income Tax Payable increased by P3.3 million due to higher taxable income for 2017 which is primarily due to the increase in the Company's share in the lease rental income from NTDCC.
h. Accrued Expense and other current liabilities increased by P5.1 million (from P441.3 million in 2016 to P446.5 million in 2017) due to higher accrued retainers fee of Arch Advisory Limited amounting to P6.07 million in 2017. Retainer fees for 2016 were all paid in the same year.
i. Due to Stockholder decreased due to partial payment of FEMI advances amounting to P11.6 million in 2017.
j. Cumulative Market Adjustment decreased by P 0.9 million in 2017 as a result of the decrease in the market value of the Company's quoted equity securities,.
k. Deficit increased by P5.5 million in 2017 due to the net operating loss incurred by the Company in 2017.

Results of Operation

a. Other Income pertains to the Company's 28.47% share in lease income from NTDCC amounting to P27.8 million in 2017 and P27.0 million in 2016.
b. Other Expense was lower in 2017 due to lower impairment loss and share in net loss of Monumento Rail amounting to P0.02 million and P1.8 million respectively.
c. General and Administrative Expense increased by P4 million in 2017 attributable to higher professional fees incurred during the year.
d. Net Loss increased in 2017 compared to 2016 due to lower other expenses and higher other income.

Review of 2016 Operation

Key Performance Indicators

Current Ratio increased to 0.0917:1 in 2016 due to the increase in Current Assets brought about by the increase in receivables due to advances granted to Monumento Rail, an associate and the recognition of higher deferred output vat and creditable withholding taxes in relation to the lease income from NTDCC. Total Current Liabilities was higher in 2016 due to advances received from NTDCC and the increase in accruals during the year.

Assets to Equity Ratio resulted in a negative of (39:40): 1 in 2016 due to the negative stockholders equity balance of the Company. Total assets decreased by P9.5 million in 2016 due to the decrease in the value of Available for Sale Financial Assets in view of impairment loss recognized by the Company in 2016.

Debt to Equity Ratio for 2016 resulted in negative because of the Company's negative stockholders equity balance. The decrease in Total Liabilities by P3.1 million was primarily due to the partial payments made by the Company to FEMI.

Book Value per Share is computed at (P0.02) in 2016 and Loss Per Share is (P0.00) in 2016. This is in view of the Company's incurring a net loss in 2016.

Major Movements in Statement of Financial Position as follows:

a. Cash increased by P0.735 million, (from P0.196 million in 2015 to 0.931 million in 2016) due to the decrease in usage of funds to pay off various payables and expenses.
b. Receivables increased by P7.4 million (from P30.5 million in 2015 to P37.9 million in 2016) primarily due to the advances granted by the Company to Monumento Rail amounting to P5.3 million .
c. Other Current Assets increased by P1.5 million in 2016 due to the unused creditable withholding tax and unused input vat recognized by the Company in 2016.
d. Available-for-sale financial assets decreased by P13.2 million (from P1.507 billion in 2016 to P1.521) mainly due to the impairment loss of P13.8 million recognized by the Company in 2016.
e. Investment in Associate decreased by P1.8 million (from P7.90 in 2015 to P6.05 million in 2016) in view of the Company's share in the net Loss of Monumento Rail.
f. Deferred Tax Asset pertains to the Minimum Corporate Income Tax (MCIT) due in 2015, which was paid off in 2016 hence the decrease.
g. Income Tax Payable is lower by P0.3 million in 2016 due to lower taxable income.
h. Accrued Expense and other current liabilities increased by P10.3 million in 2016, (from P441.3 million in 2016 and P430.9 million in 2015), due to advances received from NTDCC in 2016 amounting to P6.0 million.
i. Due to Stockholder decreased by P13.8 million in 2016 due to partial payments of FEMI's advances.
j. Cumulative Market Adjustment increased by P 0.7 million in 2016 due to the increase in the market value of the Company's quoted equity securities.
k. Deficit increased by P2.5 million was mainly due to the net loss incurred by the Company during the year.

Results of Operation

a. The increase in other Income of P2.0 (from P25.0 million in 2015 to P27.0 million in 2016) was due to the increase in the Company's share in lease income from NTDCC.
b. The increase in Other Expense was higher in 2016 compared to 2015 due to higher share in the net loss of Monumento Rail of P1.6 million
c. The increase in General and Administrative Expense increased by P1.3 million was mainly due to higher retainer fees paid to Arch Advisory in 2016.
d. Net Loss increased by P1.5 million in 2016 due to higher general and administrative and other expenses incurred in 2016.

Review of 2015 Operation

Key Performance Indicators

Current Ratio increased to 0713:1 in 2015 due to the increase in Current Assets brought about by the increase in receivables pertaining to the Company's share in the lease rental income from NTDCC. There was no lease rental income accrued in 2014.

Assets to Equity Ratio resulted in a negative (41.51):1 in 2015 due to the negative stockholders equity balance of the Company. Total assets increased by P11.0 million in 2015 due to the lower impairment loss recognized by the Company on its Available for Sale Financial Assets.

Debt to Equity Ratio resulted in the negative (42.51):1 because of the Company's negative stockholders equity balance. The increase in Total Liabilities of P14.8 million was primarily due to advances received from NTDCC.

Book Value per Share is computed at (P0.02) and Loss per share is (P0.00) in 2015. This is in view of the Company incurring a net loss of P1.0 million for the year.

Major Movements in Statement of Financial Position as follows:

a. Cash increased by P0.1 million (from P0.094 million in 2014 to 0.196 million in 2015) due to decreased usage of funds to pay off various payables and expenses.
b. Receivables increased by P28.0 million from P2.5 million in 2014 to P30.5 million in 2015 due to the increase Company's share in the lease income from NTDCC.

c. Available-for-sale financial assets decreased by P17.1 million, (from P1.538 billion in 2014 to P1.521 in 2015) mainly due to the impairment loss of P14.5 million recognized by the Company in 2015.
d. Investment in Associate decreased by P0.3 million (from P8.15 million in 2014 to P7.90 in 2015) due to the share in Net Loss of Monumento Rail recognized by the Company in 2015.
e. Deferred Tax Asset and Income Tax Payable pertains to Minimum Corporate Income Tax (MCIT) due for the year 2015 amounting to P0.5 million.
g. Accrued Expense and other current liabilities increased by P28.9 million in 2015 (from P402.1 million in 2014 to P430.9 million in 2015) due to advances received from NTDCC in 2015 amounting to P22.0 million.
h. Due to Stockholder decreased by P14.5 million in 2015 due to partial payments of FEMI advances.
j. Cumulative Market Adjustment decreased by P 2.6 million in 2015 as a result of change in market value of quoted equity securities.
k. Deficit increased by P1.0 million in 2015 due to the net loss incurred by the Company for the year.

Results of Operation

a. Other Income increased by P16.0 million in 2015 due to the Company's 28.47% share in lease income from NTDCC. The Company recognized Depot Royalty of P25.0 million in 2015 and none in 2014.
b. Other Expense decreased by P 168.5 million in 2015 due to lower impairment loss recognized in 2015.
c. General and Administrative Expense decreased by P7.5 million mainly due to the documentary stamp tax paid in for by the Company in 2014 amounting to P8.5 milion.
d. Net Loss decreased by P192.0 million in 2015 mainly due to lower impairment loss recognized on the Company's Available for Sale Financial Assets amounting to P183.0 million.

Interim Period – First Quarter of 2018

Cash increased by about ₱2.8 Million, from ₱871.6 Thousand in December 2017 to ₱3.7 Million in March 2018. The increase was the net effect of collection of receivables from NTDCC and the various payments made by the Company during the quarter.

Receivables decreased by ₱26.8 Million mainly due to the payment received from NTDCC in February 2018.

There were no material changes in the AFS Financial Assets, which comprised 98.66% of the total assets of the Company during the 1st Quarter of March 2018 as compared with that of December 31, 2017.

The "Due to a stockholder" account decreased by ₱19.6 Million substantially due to the ₱20 Million payment of FEMI advances.

The Net Loss for this 1st quarter of 2018 of about ₱ 866 Thousand was mainly due to the regular operating expenses of the Company. Majority of operating expenses consist of business taxes, annual listing fee and salary cost of two (2) personnel.

Interim Period – Second Quarter of 2018

Cash decreased by about ₱518 Thousand, from ₱871.6 Thousand in December 2017 to ₱353 Thousand in June 2018.

Receivables decreased by ₱26.8 Million mainly due to the payment received from NTDCC in February 2018.

There were no material changes in the AFS Financial Assets, which comprised 98.66% of the total assets in the 2nd Quarter of June 2018 as compared with that of December 31, 2017.

The decrease in the "Due to a stockholder" account of ₱8.3 Million was the net effect of the ₱20 Million payment of FEMI advances and the actual cash advances received from FEMI during the first two (2) quarters of the year.

The Net Loss for this 2nd quarter of 2018 of about ₱6.0 Million was brought about by the regular operating expenses of the Company which consist of professional and retainer fees and salary cost of two (2) personnel.

Interim Period – Third Quarter of 2018

Cash decreased by about ₱307 Thousand, from ₱871.6 Thousand in December 2017 to ₱564.6 Thousand in September 2018.

Receivables decreased by ₱26.8 Million mainly due to the payment received from NTDCC in February 2018.

There were no material changes in the AFS Financial Assets in the 3rd Quarter of September 2018 as compared with that of December 31, 2017.

The decrease in the "Due to a stockholder" account of ₱7.5 Million was the net effect of the ₱20 Million payment of FEMI advances and the actual cash advances received from FEMI during the first three (3) quarters of the year.

The Net Loss for this 3rd quarter of 2018 of about ₱10.5 Million was brought about by the regular operating expenses of the Company majority of operating expenses consist of professional and retainer fees and salary cost of two (2) personnel.

Others Matters

There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way. The Company does not have, nor anticipates having, any cash flow or liquidity problems within the next twelve (12) months.

The Company is not in default or in breach of any note, loan, lease or other indebtedness or financing arrangement requiring making payments.

The Company has no significant trade payables that have been paid within the stated period.

The Company is not aware of any event that will trigger direct or contingent financial obligation that is material to the Company, including default or acceleration of an obligation.

There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

The Company has no material commitments for capital expenditures.

The Company is not aware of any known trends, events or uncertainties that have had or is reasonably expected to have a material favorable or unfavorable impact on net income from operation nor does the Company know of any events that will cause a material change in the relationship between costs and revenues.

The Company is not aware of any significant elements of income or loss that did not arise from the Company's on-going operations nor of any seasonal aspects that had a material effect on the financial condition or results of operations.

EXTERNAL AUDIT FEES:

(a) Audit and Audit Related Fees:

The aggregate fees billed for each of the last two (2) calendar years for professional services rendered by the external auditors is ₱ 300,000 (exclusive of Value Added Tax) for 2017 and 2016, respectively.

The fees include the audit of the Company's Balance Sheets and the related statements of income, statements of changes in stockholders' equity and cash flows based on a test basis, evidence supporting the amount and disclosures in the Financial Statements, assess the accounting principles used and significant estimates made by management and evaluate the overall financial statement presentation.

Such fees also include assistance in the preparation of the annual income tax return. However, such annual income tax return will not include a detailed verification of the accuracy and completeness of the reported taxable, nontaxable and tax-paid income and the reported deductible and nondeductible costs and expenses.

Except to the extent finally determined to have resulted from the auditors fraudulent behavior or willful misconduct, the auditors maximum liability to the Corporation for any reason, including auditor's negligence, relating to the services under engagement letter shall be limited to the fees paid to the auditors for the services or work product giving rise to liability.

(b) Tax Fees:

Aside from the Value Added Tax included in the basic Professional Fees, the Company has not incurred expenses in relation to the professional services such as tax accounting, compliance, advice, planning and any other form of tax services.

(c) All Other Fees:

The Company paid the amount of ₱25,000 (exclusive of VAT) in 2017 and 2016 representing Compilation, BIR and SEC filing fee in connection with the audit of the Company's Financial Statements.

(d) The Audit Committees Approval Policies and Procedures for the above services

Audit Fees are approved based on the estimate of the actual time needed for professional work to complete the standard scope of services of an audit. The estimates also take into account any special accounting considerations and the experience level of the professional team members involved in the engagement.

Item 9. Market Registrant's Common Equity and Related Stockholders Matters

The Corporation's stocks are being traded at the Philippine Stock Exchange.

(2) Holders

As of 30 September 2018, the number of shareholders of record is 1,905 while common shares outstanding were 2,000,000,000 shares.

The Company's stocks are being traded at the Philippine Stock Exchange. However, for the last five (5) years, trading of the Company's shares was suspended.

In view of the suspension of trading of the Company's shares, the high and low sales prices of such shares for each quarter of the calendar years 2016, 2017 and 2018 could not be determined.

	2018		2017		2016	
Quarter	**High**	**Low**	**High**	**Low**	**High**	**Low**
1st	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
2nd	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
3rd			**0.00**	**0.00**	**0.00**	**0.00**
4th			**0.00**	**0.00**	**0.00**	**0.00**

The shares of the Company were last traded on March 20, 2007 at a price of ₱0.26.

Top 20 stockholders based on issued common shares as of 30 September 2018:

Name of Shareholders	Number of Shares	Percentage
Fil-Estate Management, Inc.	1,757,690,197	87.885%
PCD Nominee Corporation (Filipino)	100,579,633	5.029%
Alakor Securities Corporation	66,778,253	3.339%
Bank of Commerce-Trust Services Group	43,211,800	2.161%
Bank of Commerce TG-91-07-001-C	6,383,000	0.319%

PCD Nominee Corp.(Non-Filipino)	3,663,129	0.183%
Fil-Estate Management, Inc.	2,059,998	0.103%
Bancommerce Investment Corp.	2,000,000	0.100%
Atty. Gilbert Reyes ITF Various Shareholders	1,903,514	0.095%
Noel Carino	1,506,500	0.075%
Jaime Borromeo	1,000,000	0.050%
Leroy Tan	675,500	0.034%
Belson Securities, Inc. A/C#196-358	664,000	0.033%
Roberto N. Del Rosario	628,000	0.031%
CFC Corporation	576,000	0.029%
The Holders of the Unexchanged San Jose Oil	556,839	0.028%
David Go Securities Corp.	414,200	0.021%
Trendline Securities Corp.	382,500	0.019%
Alberto Mendoza &/or Jeanie C. Mendoza	300,000	0.015%
John Gokongwei Jr.	270,000	0.014%
	1,989,341,900	

(3) Dividends

No dividends were declared in the last two (2) calendar years.

Under the Company's By-Laws, there are no restrictions in the declaration of dividends other than what is prescribed in the Corporation Code, namely that these shall be declared only from surplus profit and no stock dividend shall be issued without the approval of stockholders representing not less than two-thirds of all stock outstanding and entitled to vote at a general or special meeting called for the purpose.

Discussion on Compliance with leading practice on Corporate Governance

The Company had adopted the Self-Rating System on Corporate Governance being implemented by the Securities and Exchange Commission through the SEC Memorandum Circular No. 5, Series of 2003 to assess compliance with leading practices on corporate governance and subsequently through the Integrated-Annual Corporate Governance Report (IACGR) required under the Code of Corporate Governance for Publicly Listed Companies (PLC's). The Compliance Officer meets with the directors and top-level management from time to time to evaluate compliance with Corporation's Manual on Corporate Governance and subsequently with the Code of Corporate Governance for PLC's.

The Corporation is in substantial compliance with its Manual and the Code of Corporate Governance for PLC's. The Compliance Officer is present at all meetings of the Board of Directors and closely coordinates with the Chairman and the President to ensure full compliance with the adopted leading practices on good governance. The Compliance Officer furnishes the Board of Directors and top-level management copies of new rules, regulations, circulars and orders of the Securities and Exchange Commission and the Philippine Stock Exchange to continuously update its Directors and top-level management with new requirements for compliance with leading practices on corporate governance. In addition, the Compliance Officer requires and encourages its Directors and top-level management to attend seminars on good corporate governance.

There are no material deviations to date from the Corporation's Manual on Corporate Governance or Code of Corporate Governance, with exception of certain recommendations, which the Company has explained in its I-ACGR filed in 2018. The Board has no immediate plans to adopt new policies for corporate governance.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

9142

COMPANY NAME

METRO GLOBAL HOLDINGS CORPORATION

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

MEZZANINE FLOOR, RENAISSANCE TOWER, MERALCO AVENUE, PASIG CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS		NONE

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
monjay@ymail.com	633-6205	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
1905		31-Dec

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
MR. RAMON G. JIMENEZ	monjay@ymail.com	633-6205	

CONTACT PERSON's ADDRESS

Mezzanine Floor, Renaissance Tower, Meralco Avenue, Pasig City

Note 1: In case of death, resgination or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

METRO GLOBAL HOLDINGS CORPORATION

FINANCIAL STATEMENTS AS OF DECEMBER 31, 2017 AND 2016

METRO GLOBAL HOLDINGS CORPORATION

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ANNUAL AUDITED FINANCIAL REPORT PACKAGE
DECEMBER 31, 2017

METRO GLOBAL HOLDINGS CORP.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE COMPANY'S FINANCIAL STATEMENTS

The management of **METRO GLOBAL HOLDINGS CORPORATION** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended December 31, 2017 and 2016, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including ten schedules attached therein, and submits the same to the stockholders.

VALDES, ABAD AND COMPANY., CPA's the independent auditors, appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Signed under oath by the following:

Robert John L. Sobrepeña
Chairman of the Board

Atty. Ferdinand T. Santos
President

Ramon G. Jimenez
VP - Accounting

Mezzanine Floor, Renaissance Tower. Meralco Avenue, Barangay Ugong, Pasig City, Philippines
Tel.: +63.2.633.6205; Tel Fax: +63.2.633.6248
Website: www.metroglobalholdings.com; Email: info@metroglobalholdings.com

ACKNOWLEDGEMENT

SUBSCRIBED AND SWORN to before me this APR 1 2 2018 day of _________ affiant(s) exhibiting to me his/their Social Security System Number, as follows:

NAMES	SSS NO.
Robert John L. Sobrepeña	03-6449007-1
Atty. Ferdinand T. Santos	03-2643588-3
Ramon G. Jimenez	03-6347637-1

EDWIN G. CONDAYA
NOTARY PUBLIC
PASIG, PATEROS, SAN JUAN
UNTIL DEC. 31, 2018
PTR NO. 3826099/1-03-18
IBP NO. 019004/12-19-17/UNTIL 2018
ROLL NO. 26683
TIN NO. 210-988-191-000
MCLE V-0004493
2ND FLOOR ANIMAL BLDG. URBANO
VELASCO AVE. MALINAO,PASIG CITY

Doc. No.: 19 ;
Page No.: 4 ;
Book No.: CLXXV ;
Series of 2018

Valdes Abad & Company
(Formerly: Valdes Abad & Associates)
certified public accountants

CJV Building 108 Aguirre Street, Legaspi Village, Makati City, Philippines

Branches: Cebu and Davao

Phone: (632) 892-5931 to 35
(632) 519-2105
Fax: (632) 819-1468
E-mail: valdes.abad.associates@gmail.com

BOA/PRC Reg. No. 0314
SEC Accreditation No. A-142-F

gmn international
PARTNERING FOR SUCCESS

INDEPENDENT AUDITOR'S REPORT TO ACCOMPANYING FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Board of Directors
METRO GLOBAL HOLDINGS CORPORATION
Mezzanine Floor, Renaissance Tower
Meralco Avenue, Pasig City

We have audited the accompanying financial statements of METRO GLOBAL HOLDINGS COROPORATION as of December 31, 2017, on which we have rendered our report dated April 12, 2018.

1. In compliance with Revenue Regulation V-20, we are stating that we are not related by consanguinity nor affinity to the president, manager or principal stockholder of the Company; and the taxes paid or accrued by the Company during the year are shown in Note 13.2 - *Supplementary information in compliance with RR15-2010.*

2. In compliance with SRC Rule 68, we are stating that said Company has a total number of eight hundred twelve (812) stockholders owning one hundred (100) or more shares each.

VALDES ABAD & COMPANY, CPAs
BOA/PRC Reg. No. 0314
Issued on November 2, 2015, Valid until December 31, 2018
SEC Accreditation No. A-142-F, Group A
Issued on September 7, 2017, Valid until April 30, 2018
BIR Accreditation No. 08-002126-000-2017
Issued on December 13, 2017, Valid until December 12, 2020

By:

ALFONSO L. CAY-AN
Partner
CPA Registration No. 99805
Issued on December 28, 2017, Valid until December 14, 2020
TIN No. 213-410-741-000
PTR No. 6617716, Issued Date: January 5, 2018, Makati City
BOA/PRC Reg. No. 0314
Issued on November 2, 2015, Valid until December 31, 2018
SEC Accreditation No. A-782-A
Issued on September 07, 2017, Valid until April 30, 2018
BIR Accreditation No. 08-002126-005-2017
Issued on December 13, 2017, Valid until December 12, 2020

Makati City, Philippines
April 12, 2018

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SEC Accreditation No. A-142-F

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PARTNERING FOR SUCCESS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Directors
METRO GLOBAL HOLDINGS CORPORATION
Mezzanine Floor, Renaissance Tower
Meralco Avenue, Pasig City

Opinion

We have audited the financial statements of METRO GLOBAL HOLDINGS CORPORATION (the Company) which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis For Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, the Code of Ethics for Professional Accountants in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Determining the Redemption Price of Redeemable Preferred Shares Redeemed

The Company owns 18,029,417 redeemable preferred shares out of its 54,093,660 common shares in an associate, Monumento Rail Transit Corp. (Monumento Rail)

On August 22, 2006, the Board of Directors of Monumento Rail approved the redemption of the redeemable preferred shares it issued to its shareholders through the assignment of its right to receive Depot Royalty Rights pro-rata to the percentage shareholdings held by each shareholder.

The amended Articles of Incorporation of Monumento Rail states that "The Corporation shall redeem the redeemable preferred stock at the time outstanding, at any time, in whole but not in part, as may be determined by the BOD, by paying there for through the assignment of its depot royalty rights to the stockholders."

The issue involves determining the Redemption Price of the redeemable preferred shares redeemed on December 17, 2014 based on the classification of the shares as equity or as financial liability required several discussions with those charged with governance on interpretation on legal documents issued to determine the intention of all parties at the time the subject shares were issued.

This matter impacts the recognition of any gain/loss on the redemption of the redeemable preferred shares, the appropriate recognition of the Depot Royalty Income received and will continue to receive by virtue of the assignment of the right to receive the same, and the appropriate tax rates and calculation thereof.

Our audit procedures focused on the substance of the contract rather than the legal form thereof:

- We obtained copies of the financial statements of the issuer, Monumento Rail, and other Shareholders of Monumento Rail and took note on treatment of the redemption of the shares and Depot Royalty Income received.
- We obtained copies of the Board Resolutions relating to the redemption of redeemable shares and assignment of the Depot Royalty Rights to the stockholders.
- We discussed the issue with the Committee on Audit, Management team and the Board of Directors.
- We consulted other external legal counsels and audit partner.
- We secured legal opinion on interpretation on the legal documents relating to the assignment of the Depot Royalty Rights to the stockholders

The results of audit procedures performed showed that the intention of the issuer was to redeem the redeemable preferred shares at a time determined by its Board of Directors which was signified in its approval on December 17, 2014 at its par value and that the right to receive the stream of Depot Royalty if and when it actually is generated up to the end of the Development Rights Period in 2047 is treated as a privilege after redemption. The stockholders are in agreement with the intent as seen in the disclosure statements in their respective audited financial statements.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulation 15-2010 on taxes, duties and license fees in Note 13.2 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements.

In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

VALDES ABAD & COMPANY, CPAs
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Makati City, Philippines
April 12, 2018

BUREAU OF INTERNAL REVENUE
RR7, Q.C. - RDO 43 PASIG CITY CITY
RECEIVED
JUN 08 2018
ANDREA P. ROSARIO
COLLECTION SECTION

METRO GLOBAL HOLDINGS CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016
(Amounts in Philippine Peso)

	Notes		2017		2016
ASSETS					
Current Assets					
Cash	4.1,5	P	871,601	P	931,146
Receivables	4.1,6		38,644,043		37,959,604
Other current assets	4.1,6		1,478,204		1,579,007
Total current assets			40,993,848		40,469,757
Non-current assets					
Available-for-sale financial assets	4.1,7		1,495,244,843		1,507,804,044
Investment in Associate	4.2, 9.1		6,036,406		6,057,239
Investment in Subsidiary	4.3, 9.2		2,499,500		-
Total non-current assets			1,503,780,749		1,513,861,283
TOTAL ASSETS		P	1,544,774,597	P	1,554,331,040
LIABILITIES AND STOCKHOLDERS EQUITY					
Current Liabilities					
Income tax payable	4.10,13.3	P	3,422,273	P	111,307
Accrued expense and other current liabilities	4.1,10		446,460,240		441,277,252
Total current liabilities			449,882,513		441,388,559
Non-Current Liabilities					
Due to a stockholder	4.9,17.1		807,323,416		818,918,431
Due to related parties	4.9,17.2		333,468,624		333,468,624
Total Non-current liabilities			1,140,792,040		1,152,387,055
Total Liability			1,590,674,553		1,593,775,614
Stockholder's Equity					
Paid up capital	4.12,15		1,998,553,181		1,998,553,181
Additional Paid in capital	4.12,15		589,120,804		589,120,804
Cumulative Market adjustment	4.13,7.2		1,887,222		2,851,408
Deficit	4.14		(2,635,461,163)		(2,629,969,966)
Total stockholders equity			(45,899,956)		(39,444,574)
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY		P	1,544,774,597	P	1,554,331,040

See notes to financial statements.

METRO GLOBAL HOLDINGS CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 2017, 2016 AND 2015
(Amounts in Philippine Peso)

	Notes		2017		2016		2015
Other Income	*4.6,10.3,11.1*	P	**27,848,761**	P	27,067,899	P	25,017,802
Other Expense	*4.6,11.2*		**(11,615,849)**		(15,675,789)		(14,756,740)
General and Administrative Expense	*4.6,12*		**(16,495,752)**		(12,566,042)		(11,279,033)
Loss before tax			**(262,840)**		(1,173,932)		(1,017,972)
Income tax expense	*4.10,13.1*		**(5,228,356)**		(1,362,342)		(1,102)
Net Loss for the year			**(5,491,197)**		(2,536,274)		(1,019,074)
Other Comprehensive Income - net							
Items reclassified subsequently to net income upon derecognition							
Gain (Loss) on valuation of available-for-sale financial assets	*7.2*		**(964,186)**		673,336		(2,631,217)
Total Comprehensive Loss		P	**(6,455,383)**	P	(1,862,939)	P	(3,650,291)
Loss per share	*4.11,14*	P	**(0.00)**	P	(0.00)	P	(0.00)

See notes to financial statements.

METRO GLOBAL HOLDINGS CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 2017, 2016 AND 2015
(Amounts in Philippine Peso)

	Notes	NUMBER OF SHARES	PAID-UP CAPITAL	ADDITIONAL PAID-IN CAPITAL	MARKET ADJUSTMENT	DEFICIT	TOTAL EQUITY
Balance as at January 1, 2015		1,998,553,181	P 1,998,553,181	P 589,120,804	P 4,809,289	P (2,626,414,618)	P (33,931,344)
Comprehensive loss for the year	*7.2*	-	-	-	(2,631,217)	(1,019,074)	(3,650,291)
Balance at December 31, 2015	*14.1*	1,998,553,181	P 1,998,553,181	P 589,120,804	P 2,178,072	P (2,627,433,692)	P (37,581,635)
Balance as at January 1, 2016		1,998,553,181	P 1,998,553,181	P 589,120,804	P 2,178,072	P (2,627,433,692)	P (37,581,635)
Comprehensive loss for the year	*7.2*	-	-	-	673,336	(2,536,274)	(1,862,938)
Balance at December 31, 2016	*14.1*	1,998,553,181	P 1,998,553,181	P 589,120,804	P 2,851,408	P (2,629,969,966)	P (39,444,573)
Balance as at January 1, 2017		**1,998,553,181**	**P 1,998,553,181**	**P 589,120,804**	**P 2,851,408**	**P (2,629,969,966)**	**P (39,444,573)**
Comprehensive loss for the year	*7.2*	-	-	-	**(964,186)**	**(5,491,197)**	**(6,455,383)**
Balance at December 31 2017	*14.1*	**1,998,553,181**	**P 1,998,553,181**	**P 589,120,804**	**P 1,887,222**	**P (2,635,461,163)**	**P (45,899,956)**

See notes to financial statements.

METRO GLOBAL HOLDINGS CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 2017, 2016 AND 2015
(Amounts in Philippine Peso)

	Notes		2017		2016		2015
CASH FLOWS FROM OPERATING ACTIVITIES							
Net income/loss before tax		**P**	**(262,840)**	P	(1,173,931)	P	(1,017,972)
Adjustment for:							
Impairment loss	*11.2*		**11,595,015**		13,837,538		14,502,408
Interest Income	*11.1*		**(3,606)**		(2,515)		(5,509)
Share in net loss of associate	*11.2*		**20,833**		1,838,252		254,332
Operating income/loss before working capital changes			**11,349,403**		14,499,343		13,733,259
Increase/decrease in receivables			**(684,439)**		(11,647,227)		(25,791,192)
Increase/decrease in other current asset			**100,803**		(1,579,007)		(1,250,534)
Increase/decrease in accrued expenses and current liabilities			**5,182,988**		13,297,811		28,773,642
Increase/decrease in due to a stockholder			**8,583,472**		11,243,650		6,236,192
Cash generated from operations			**24,532,228**		25,814,571		21,701,366
Interest received			**3,606**		2,515		5,509
Cash paid for income taxes			**(1,917,391)**		(503)		(1,102)
Net cash used by in operating activities			**22,618,443**		25,816,584		21,705,774
CASH FLOWS FROM FINANCING ACTIVITIES							
Related Party Transactions							
Borrowing	*17.1*		**50,000**		-		1,161,400
Payment	*17.1*		**(20,228,489)**		(25,081,190)		(21,900,000)
Cash provided by financing activities			**(20,178,489)**		(25,081,190)		(20,738,600)
NET INCREASE (DECREASE) IN CASH			**(59,546)**		735,394		967,174
CASH AT BEGINNING OF THE YEAR			**931,147**		195,753		94,870
CASH AT END OF THE YEAR	*5*	**P**	**871,601**	P	931,147	P	1,062,044

See notes to financial statements.

Note 1 - CORPORATE INFORMATION

1.1 Incorporation

The Company was incorporated as San Jose Oil Company, Inc. on September 17, 1954 and was listed on the Philippine Stock Exchange (PSE) on May 4, 1964 as an oil exploration company and was reorganized in 1996 into a corporate vehicle that will pursue infrastructure-related investments and was renamed Fil-Estate Corporation (the Company). On September 9, 2004, the Philippines Securities and Exchange Commission (SEC) approved the extension of the Company's corporate life for another 50 years or 2054.

The Company is 87.885% owned by Fil-Estate Management, Inc. (FEMI), the Parent company. The principal activity of the Company is the holding of 4,278,511 shares or 18.6% interest in Metro Rail Transit Holdings, Inc. (MRTHI) and 24,034,840 shares or 12.6% interest in Metro Rail Transit Holdings II, Inc. (MRTH II). MRTHI has 84.9% interest in MRTH II which wholly owns Metro Rail Transit Corporation (MRTC). MRTHI, MRTH II, MRTC, and Monumento Rail Transit Corporation (Monumento Rail) are collectively referred to as the Metro Rail Transit (MRT) Companies. The earnings of the MRT Companies are derived from lease financing income relating to equity rentals received from the Department of Transportation and Communication (DOTC) as defined in the Build, Lease and Transfer (BLT) Agreement.

Notwithstanding the sale of future share distributions as discussed in *Note 7.1*, the Company continues to hold on to the legal rights over the shares of stock in MRTHI and MRTH II.

On May 18, 2014, the Securities and Exchange Commission (SEC) approved the amendment of the Articles of Incorporation and by-laws of the Company, changing its corporate name to Metro Global Holdings Corporation. The amendments are to re-align two other existing companies namely; Metro Countrywide Corporation and Metro Countrywide Holdings, Inc. under the umbrella of Metro Global Holdings Corporation and identify the group with the common name "Metro". The Company is likewise a substantial shareholder of Metro Rail Transit Holdings, Inc. and Metro Rail Transit Holdings II, Inc.

The Company's registered office address is at Mezzanine Floor, Renaissance Centre, Meralco Avenue, Pasig City. The Company employed two (2) office personnel both in 2017 and in 2016.

1.2 Approval of Financial Statements

The financial statements of the Company for the year ended December 31, 2017 (including the comparatives for the year ended December 31, 2016) were authorized for issue by the Board of Directors on April 12, 2018. The Board of Directors is empowered to make revisions after the date of issue.

Note 2 – STATUS OF OPERATION AND MANAGEMENT PLAN

Status of operation

The Company incurred net losses amounting to P5,491,197 and P2,536,274 in 2017 and 2016, respectively, with capital deficiency amounting to P45,899,956 and P39,444,574 as at December 31, 2017 and 2016, respectively. The trading of the Company's shares of stock at the

PSE has also been voluntarily suspended since March 20, 2007. The Company continues to obtain support from FEMI and the management has undertaken steps to improve financial performance by agreeing to proposed equity infusions in the Company which are expected to provide significant revenues to the Company. In addition, since the Company continues to hold legal rights over the shares of MRTHI, MRTHII and MRTC, the Company expects that its residual interest over these shares upon final liquidation of these companies or expiration of the BLT agreement would provide significant cash inflows to the Company. FEMI, in its letter of support to the Company, committed not to demand payment of the amount due from the Company not covered by the "Letter of Agreement" as discussed in Note 7.1, until such time that the Company has the ability to pay.

The BOD approved the recommendation of management to re-align the other businesses of the Company by spinning-off these businesses to new companies or to existing companies affiliated with the Company so that the Company can focus on its core business of infrastructure.

Equity Infusion
On March 19, 2007, the Company accepted the proposal of FEMI to infuse its 30.0% equity ownership in Camp John Hay Development Corporation (CJH) in exchange for up to 450.0 million shares of the Company at P1.0 par value, subject to the approval of the SEC.

On September 11, 2007, the Company signed a Deed of Assignment transferring the 30.0% equity ownership of FEMI in CJH Development Corporation in exchange for 450.0 million shares of the Company at P1.0 par value subject to the approval of the Bases Conversion Development Authority (BCDA). The Deed of Assignment by FEMI of its equity interest in CJH in favor of the Company was signed in 2007 in conjunction with CJH's active discussions with certain property developers and business process outsourcing (BPO) operators who intend to invest in the CJH area. The expansion of the CJH tourism and leisure complex in the northern resort destination of Baguio City will involve about 19 hectares of new development out of the total 247-hectare former rest and recreation facility of the United States Military. It is further expected that the profitability of CJH will also be boosted by such investments and which, in turn, will positively affect the financial performance of the Company.

On July 1, 2008, the BCDA gave its consent on the transfer made by FEMI of its 30.0% equity interest in CJH in exchange for new shares of stocks of the Company.

On April 23, 2009, the Company and FEMI (the parties) executed an Amendment to the Deed of Assignment which (a) amends the number of shares to be transferred to 1.5 million shares still representing 30.0% equity interest in CJH and (b) extends date of closing of transaction to June 30, 2010 or any date agreed upon by the parties in writing, in order to allow the parties to fully comply with the conditions precedent to closing as set forth in the Deed of Assignment, particularly the consent from the SEC.

Rescission of Restructured MOA with BCDA. On January 9, 2012, CJH rescinded the Restructured Memorandum of Agreement it entered into with BCDA on July 1, 2008, in view of the continuing inability of BCDA to make good its one-stop-shop 30-day permit issuance guaranty. CJH subsequently filed a case against BCDA for arbitration with the Philippine Dispute Resolution Center, Inc.

On March 14, 2012, the House of Representatives passed a resolution creating a technical working group aimed at assisting CJH and BCDA in amicably resolving the dispute.

On April 12, 2012, the Board of Directors (BOD) approved the deferment of assignment, transfer and conveyance in favor of the Company of FEMI's 30.0% equity in CJH until the resolution of the dispute between CJH and BCDA.

Final Award on Arbitration. On February 11, 2015, the PDRCI rendered its Final Award on the arbitration case filed by CJH Development Corporation (CJH) against the Bases Conversion and Development Authority ((BCDA). The decision stated that the Original Lease Agreement, and the subsequent Memorandums of Agreements entered into by CJH and BCDA were rescinded due to mutual breach of both parties.

The PDRCI (a) directed BCDA to return to CJH the total amount of rentals it paid amounting to P1,421,096,052; and (b) ordered CJH to vacate the leased premises and promptly deliver the leased property to BCDA upon full payment by BCDA to CJH of the aforementioned rental amount. The PDRCI likewise declared CJH as not liable for any unpaid back rent consistent with the ruling that rescission and mutual restitution is proper in the case.

On March 6, 2015, CJH filed a Verified Petition for Confirmation of Final Award with the Regional Trial Court of Baguio City. On March 27, 2015, the Court issued an Order of Confirmation of the Final Award.

Cancellation of equity infusion. In view of the PDRCI decision, the Board of Directors approved to cancel the proposed transaction of FEMI to infuse its 30.0% equity in CJH in exchange for equity shares of the Company. The cancellation was also in line with the Company's plan to focus on its core business of infrastructure.

Conversion of advances to equity
SEC approval of conversion of P800M advances. On January 28, 2008, the BOD approved the conversion of a portion of the liabilities to FEMI amounting to about P400.0 million into equity shares of the Company at a par value of P1.0 per share. In view of the increase in the balance of liabilities to FEMI, the amount to be converted to equity was increased to P600.0 million as approved by the BOD on April 18, 2011. The amount for conversion was further increased to P800.0 million as subsequently approved by the BOD on April 12, 2012.

On December 16, 2013, the SEC approved the conversion of portion of the Company's liabilities to FEMI amounting to P800.0 million, into equity shares totaling 800.0 million shares at P1.0 par value. *(see Note 15c)*

SEC approval of conversion of P200,150,000 advances. On May 6, 2014, the BOD approved the request of FEMI to increase its shareholdings and further reduce its receivables from the Company through the conversion into equity of portion of its receivables amounting to P200,150,000, equivalent to 200,150,000 shares at P1.00 par value. *(see Note 15d)*

On September 4, 2014, the SEC approved the conversion of portion of the Company's liabilities to FEMI amounting to P200.15 million, into equity shares equivalent to 200,150,000 shares at P1.00 par value. With the additional subscription of FEMI, FEMI's total shareholdings in the Company stands at 87.885% as of December 31, 2014.

Infusion of certain properties
On April 12, 2012, the Company accepted the infusion by FEMI of certain properties of Mt. Zion Memorial, Inc. (MZMI) worth P500.0 million in exchange for 500.0 million shares of the Company at P1.0 par value. MZMI is a wholly-owned subsidiary of FEMI engaged in the development of Class A memorial parks. Organized in 1999, MZMI now has twelve (12) memorial parks nationwide with a total combined saleable memorial lots aggregating 50 hectares, with an estimated value of P2,500.0 million. A significant amount of annual income is expected to be generated from this infusion.

Consistent with the new business directions of the Company, the BOD approved to cancel the implementation of the proposed plan of FEMI to assign of properties of Mt. Zion Memorial Inc.

(MZMI), worth P500 million in exchange for 500,000,000 shares of the Company at P1.00 per share.

Cooperation Agreement
On November 12, 2010, the Company, Fil-Estate Properties, Inc. (FEPI) and FEMI (collectively termed as the 'Fil-Estate Companies') entered into a Cooperation Agreement with Metro Pacific Investment Corporation (MPIC) relating to the Fil-Estate Companies' rights and interests in the MRT Companies. The cooperation has the following objectives: (i) explore solutions that will enable the expansion of the MRT 3 system through financially and legally viable means, and (ii) to transfer the interests of the Fil-Estate Companies in the MRT Companies, subject to obtaining the necessary consents from the relevant parties. Under the Cooperation Agreement, the Fil-Estate Companies shall appoint MPIC as its attorney-in-fact in connection with the exercise of the rights and interests of the Fil-Estate Companies in the MRT Companies. The completion and consummation of the transaction contemplated by the parties is subject to certain conditions, which as at December 31, 2017 has not yet occurred. As such, MPIC and Fil-Estate Companies are still in the process of discussing possible scenarios on how to implement the transactions contemplated by the parties when they entered into the Cooperation Agreement.

A total of P350M in advances has been received from MPIC. *(See Note 10.1)*

New Strategic Partner
The Company is still in pursuit of a possible foreign strategic partner to focus on the infrastructure business of the Company. In 2014, the Company engaged the services of Arch Advisory to act as lead financial advisor.

Settlement Agreement
On December 17, 2014, the Company, together with all the shareholders of Monumento Rail Transit Corp., entered into a Settlement Agreement with Metro Rail Transit Development Corporation (MRTDEVCO) and companies who are parties to a Vested Rights Agreement dated May 22, 1995, whereby MRTDEVCO agreed to assign to parties of the Vested Rights Agreement the development rights to specific developable areas of the 16 hectares Depot in North Triangle corner EDSA, North Avenue and Mindanao Avenue. The assignment of development rights, however, are conditioned on the assumption of the assignees of the obligation to pay royalties to shareholders of Monumento Rail Transit Corp. (Monumento Rail) arising from the developments in the Depot in accordance with the Deed of Assignment of Development Rights of June 16, 1995 between Metro Rail Transit Corp. Ltd. (MRTCL) and MRTDEVCO, the Assignment and Assumption Agreement of December 18, 2000 between MRTCL and the Company, and Deed of assignment between by MRTDEVCO to NTDCC on February 21, 2002. *(See Note 9)*

As one of the stockholders of Monumento Rail, the Company is entitled to receive 28.47% of the lease income termed Depot Royalty computed at 5% of the gross receipts of the rental income from 8.3 ha commercial center and 5% of the gross proceeds of sale or leases on improvements constructed on the 4.6 ha lot pads less management fees and general and administrative expenses relative to the leased areas under the Development Rights Assignment. *(See Note 9)*

As at December 31, 2017, 2016 and 2015, the Company recognized Depot Royalty amounting to P27,843,189, P27,064,458 and P25,010,689 respectively which was paid in subsequent year. *(See Notes 6 and 11.1)*

Proposal to Department of Transportation and Communications (DOTC)
On December 19, 2014, the Company presented to the Department of Transportation and Communication (DOTC) its proposal for a Fast Track Rehabilitation of the MRT-3 system as a substantial shareholder of Metro Rail Transit Corporation (MRTC), owner of the MRT-3

System. The proposal, included among others, the total rehabilitation of the MRT-3 rail system and of the existing 73 rail cars, and the acquisition of new rail cars, at no cost to the government.

The Company intends to undertake the Fast Track Rehabilitation and Capacity Expansion proposals together with its new foreign strategic partners as well as local partners.

As of December 31, 2017, the DOTC is still evaluating the Company's proposals.

Proposed increase in authorized capital stock
The Company plans to increase its authorized capital stock to 3,000,000,000 shares at P1.00 per share, from 2,000,000,000 shares at P1.00 per share.

FEMI agrees to subscribe to 25% of the plan increased in capitalization, or 250,000,000 shares at P1.00 per share, through the conversion into equity of portion of its advances to the Company. As of December 31, 2017, FEMI's advances to the Company amounted to P807.3Million. *(See Note 15)*

Note 3 – BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in 2017 and 2016.

3.1 Presentation of Financial Statements

Presentation
These financial statements are presented in Philippine Peso (₱), the Company's functional currency, and all values are rounded to the nearest peso except when otherwise indicated.

Assets and liabilities are presented in the Statement of Financial Position in a current and non-current distinction and in order of liquidity.

The Statement of Comprehensive Income presents an analysis of expenses using a classification based on their functions.

3.2 Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

The Company need not present consolidated financial statements since the Company is partially-owned of another entity and its ultimate parent produces financial statements available for public use that comply with PFRSs, in which subsidiaries are consolidated in accordance with PFRS 10.

3.3 Basis of Measurement

These financial statements have been prepared on a historical basis, except for the quoted equity securities included under available-for-sale (AFS) financial assets, which have been carried at fair value. The Company's financial statements have been prepared on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business.

3.4 Use of judgments and estimates

The preparation of the Company's financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments 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. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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:

Determination of Functional Currency
Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the revenue, costs and expenses of the Company.

Classification of Financial Instruments
The Company classifies a financial instrument, or its components, on initial recognition as a financial asset, liability or equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, liability or equity instrument.

The substance of a financial instrument, rather than its legal form, governs its classification in the Statement of Financial Condition.

Financial assets are classified as financial assets at FVPL, AFS financial assets and loans and receivables. Financial liabilities, on the other hand, are classified as financial liabilities at FVPL and other financial liabilities.

The Company determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this classification at every reporting date.

The Company's financial instruments include loans and receivables, financial assets at FVPL, AFS and other financial liabilities. (*See Notes 5, 6, 10 and 17*)

Investment in Redeemable Preferred Shares in Associate
The Company's investment in the redeemable preferred shares of its associate was classified by the issuer, Monumento Rail Transit Corporation, as equity upon issuance. The Redemption Price of the shares redeemed on August 22, 2006 was determined to be at par value of P.05 per share which is the price per share upon redemption. In accordance with the Articles of Incorporation of the issuer, the holder of the redeemable preferred shares is given the privilege of a right to receive Depot Royalty pro-rata to the percentage of shareholdings of redeemable shares held by each shareholder of record thereof as of August 22, 2006. *(See Note 9)*

Determination of Fair Value of Financial Assets and Financial Liabilities

Where the fair value of financial assets and liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Determination of Fair Value of Available-for-sale Financial Assets - Not Quoted in an Active Market

The Company determines whether a reliable measure of fair value is available for equity investments not quoted in an active market. If a reliable measure is not available or ceases to be available, the unquoted equity investments are measured at cost.

The fair values of the Company's investments in MRTHI and MRTH II cannot be reasonably determined as the shares are unquoted nor are there any expected future cash flows in view of the sale of future distributions as discussed in *Note 7.1* and that the investments, pursuant to the "Letter of Agreement" as also discussed in *Note 7.1,* will be used to settle the Company's liability to FEMI.

The fair values of financial assets amount to P1,495.2M and P1,507.8M as at December 31, 2017 and 2016, respectively *(see Note 7.1).*

The fair value of financial liabilities amounted to P1,590.67M and P1,593.66M as at December 31, 2017 and 2016, respectively *(see Note 10).*

Management believes that the carrying value of the unquoted equity securities, after the application of the proceeds from the sale of the share of the future share distributions, can be realized in the future through: a) the Company's share in any additional variable equity rental payments (ERP) received by MRTC from DOTC in the form of a ridership bonus or sharing scheme which were not included in the future share distributions sold; b) the Company's share in the benefits arising from the residual rights in the expansion project; and c) the Company's put option to use the shares of stocks of MRTHI and MRTH II to pay-off its net advances from FEMI pursuant to the "Letter of Agreement".

As at December 31, 2016, the outstanding liability to FEMI and after considering the deposit received from MPIC and advances from MRTHI and MRTHII for an aggregate amount of P1,502.4M while the carrying value of the investments amounts to P1,516.2M. Therefore, there is an indication of impairment. The Company recognized an impairment loss of P13.8M for the year. *(See Notes 7.1 and 11.2)*

As at December 31, 2017, the outstanding liability to FEMI and after considering the deposit received from MPIC and advances from MRTHI and MRTHII for an aggregate amount of P1,490.7M while the carrying value of the investments amounts to P1,502.3M. Therefore, there is an indication of impairment. The Company recognized an impairment loss of P11.6M for the year. *(See Notes 7.1 and 11.2)*

Determination of Impairment of Available-for-sale Financial Assets- Quoted in an Active Market

The Company treats AFS financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination when an investment is other-than-temporarily impaired requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows, or the normal volatility in share price for quoted equities.

In the case of unquoted shares, AFS financial assets are considered impaired when management believes that future cash flows generated from the investment is expected to decline significantly.

Disclosure on Related Party Transactions
The Company determines the level of detail to be disclosed, in accordance with the requirements of the Philippine Financial Reporting Standards, in order to provide information in sufficient detail to the users of the financial statements to understand the effects of related party transactions on its financial statements:

i. the nature and amount of each individually significant transaction; and
ii. a qualitative or quantitative indication of the extent of transactions that are collectively, but not individually, significant.

In arriving at this judgment, the Company considers the closeness of the related party relationship and other factors relevant in establishing the level of significance of the transactions. *(See Notes 4.9 and 17)*

Income Tax Provision
The Company's current tax provision amounting to P5,227,635 relates to management's assessment of the amount of tax payable on open tax positions where the liabilities remain to be agreed with relevant tax authorities *(Note 13.1)*. No deferred tax items for which a provision of future deductible benefit relates principally to the interpretation of tax legislation applicable to the Company has been recognized.

Key Sources of Estimation Uncertainty

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Realizable Amount of Deferred Tax Assets and Liabilities
Significant management judgment is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Unrecognized deferred tax assets as at December 31, 2017 and 2016 amount to P558,128,859 and P554,361,099, respectively. *(see Note 13.1)*

3.5 Changes in Accounting Policies

The Company changes an accounting policy only if the change is (a) required by a Standard or an Interpretation; or (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the Company's financial position, financial performance or cash flows.

Impact of New Amendments and Interpretations to Existing Standards

There are new and revised accounting standards, amendments and interpretations to existing standards that have been published by IASB and adopted by FRSC which are mandatory for accounting periods on or after January 1, 2016. Except as otherwise stated, the adoption of the new standards, amendments and interpretations, did not have a significant effect on the Company's financial statements. These standards are as follows:

Effective in 2017

- PAS 7, Disclosure Initiative. This amendment aims at clarifying PAS 7 and assist preparers of the financial statements in presenting changes in liabilities arising from financing activities. The disclosure initiative states that:

  a) An entity shall disclose the following changes in liabilities arising from financing activities: (1) changes from financing cash flows; (2) changes arising from obtaining or losing control of subsidiaries or other businesses; (3) the effect of changes in foreign exchange rates; (4) changes in fair values; and (5) other changes.
  b) The disclosure requirement also applies to changes in financial assets (for example, assets that hedge liabilities arising from financing activities) if cash flows from those financial assets were, or future cash flows will be, included in the cash flows from financing activities.
  c) To fulfill the requirement, the Company may provide a reconciliation between the opening and closing balance in the statement of financial position for liabilities arising from financing activities. Where an entity discloses such a reconciliation, it shall provide sufficient information to enable users of the financial statements to link items included in the reconciliation to the statement of financial position and the statement of cash flows.
  d) If an entity provides the disclosure required, in combination with disclosures of changes in other assets and liabilities, it shall disclose the changes in liabilities arising from financing activities separately from changes in those other assets and liabilities.

- PAS 12, Recognition of Deferred Tax Assets for Unrealized Losses. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. Therefore, assuming that the tax base remains at the original cost of the debt instrument, there is a temporary difference.

<u>Future Changes in Accounting Policies</u>

The Company will adopt the following revised standards, interpretations and amendments when these become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended standards and interpretations to have significant impact on its financial statements.

Effective in 2018

- IFRS 15, *Revenue from Contracts with Customers.* This standard will supersede PAS 18 *'Revenue'*, PAS 11 *'Construction Contracts'* and a number of revenue-related interpretations. Application of the standard is mandatory for all PFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. It also provides a model for the recognition and measurement of sales of some non-financial assets including disposals of property, equipment and intangible assets.

  The standard outlines the principles an entity must apply to measure and recognize revenue.

The core principle is that an entity will recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

This new standard provides a single, principles based five-step model to be applied to all contracts with customers. The five steps are: Identify the contract with the customer, Identify the performance obligations in the contract, Determine the transaction price, Allocate the transaction price to the performance obligations in the contracts, and Recognize revenue when (or as) the entity satisfies a performance obligation. For each step of the model, the standard requires entities to exercise judgement and to consider all relevant facts and circumstances when applying the model to contracts with their customers.

In addition to the five-step model, the standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

On 28 May 2014, the IASB issued IFRS 15 with an effective date of 1 January 2017 with earlier application permitted. On September 11, 2015, amendments was issued changing the mandatory effective date of IFRS 15 from annual periods beginning on or after 1 January 2017 to annual periods beginning on or after 1 January 2018. . The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

The Standard is not applicable to the Company.

- PFRS 9 *Financial Instruments -Finalized version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.*

  Historical Background
  The original version PFRS 9 was issued in 2009 which covers the new classification and measurement model of financial assets followed by requirements for financial liabilities and derecognition added in 2010. In 2011, amendments to the standard was issued in deferring the effectivity date of both versions, which is January 1, 2013, to January 1, 2015. However, in 2013, amendments was issued to introduce the new hedge accounting model and removed the mandatory effective date for PFRS 9 which will be set once the standard is complete with a new impairment model and finalization of any limited amendments to classification and measurement.

  Finalization of the PFRS 9
  On July 1, 2014, finalized version of PFRS 9 'Financial Instruments' was issued in order to bring together the classification and measurement, impairment and hedge accounting to replace PAS 39 'Financial Instruments: Recognition and Measurement'. This finalized version of PFRS 9 adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVTOCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

  - Expected loss impairment model

    The impairment model in PFRS 9 is based on the concept of providing for expected losses at inception of a contract, except in the case of purchased or originated credit-impaired financial assets, where expected credit losses are incorporated into the effective interest rate.

  - Limited amendments to classification and measurement of financial assets

    Fair value through other comprehensive income (FVTOCI) category
    The final version of PFRS 9 introduces a new classification and measurement category of FVTOCI for debt instruments that meet the following two conditions:

Business model test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

➢ Additional guidance

The final Standard also adds guidance on how to determine whether financial assets are held under a business model that is 'hold to collect' or 'hold to collect and sell' with examples and explanations of the types and levels of sales that are acceptable for such business models.

In addition to guidance on the business model test, the Standard adds guidance on the contractual cash flow characteristics test to clarify that in basic lending arrangements the most significant elements of interest are consideration for the time value of money and credit risk. If the time value of money element is modified (e.g. interest rate resets every month to a one-year rate), an entity is required to assess the modified element against new criteria introduced by the amendment.

The application guidance also introduces an additional exception that allows certain additional prepayment features to meet the contractual cash flow characteristics requirements to qualify for amortised cost or FVTOCI measurement.

This final version of PFRS 9 supersedes all previous versions of the Standard. However, for annual periods beginning before 1 January 2018, an entity may elect to apply those earlier versions of PFRS 9 if the entity's relevant date of initial application is before February 1, 2015.

The Standard has a mandatory effective date for annual periods beginning on or after 1 January 2018, with earlier application permitted (subject to local endorsement requirements). The Standard is applied retrospectively with some exceptions (for example most of the hedge accounting requirements apply prospectively) but entities need not restate prior periods in relation to classification and measurement (including impairment).

The Company initially determined that future adoption of this amendment will not have a material effect on its 2017 and 2016 financial statements.

Amendment to PFRS 2 *Classification and Measurement of Share-based Payment Transactions*. The amendments are intended to eliminate diversity in practice in three main areas:

• The effects of vesting conditions on the measurement of a cash-settled share based payment transaction

• The classification of a share-based payment transaction with net settlement features for withholding tax obligations

• The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

- Annual Improvements to PFRS 2014–2016 Cycle

  a.) Amendment to PFRS 1 - Deletion of short-term exemptions for first-time adopters because they have now served their intended purpose

  b.) Amendment to PFRS 12 - Clarification of the scope of the standard by specifying that the disclosure requirements in the standard also apply to interests held for sale and discontinued operation in accordance with IFRS 5 c.) Amendment to PAS 28 – Clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity is available for each investment in an associate or joint venture on an investment by investment basis, upon initial recognition.

- Amendment to PAS 40 – States that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use

- IFRIC 22 – Foreign currency transactions and advance considerations – the interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each- payment or receipt.

  With No Mandatory Effective Dates
  PFRS 10 and PAS 28, *Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture.* These amendments address a conflict between the requirements of PAS 28 'Investments in Associates and Joint Ventures' and PFRS 10 'Consolidated Financial Statements' and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

  This amendments to standards was previously effective on a prospective basis to transactions occurring in annual periods beginning on or after 1 January 2016 but deferred indefinitely on December 17, 2015.

  These amendments are not applicable to the Company.

Note 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Financial instruments

<u>*Date of Recognition*</u>
The Company recognizes a financial asset or a financial liability in the Statement of Financial Position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and de-recognition, as applicable, is done using settlement date accounting. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

<u>*Initial recognition of financial instruments*</u>
Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial

measurement of financial instruments, except for those designated at fair value through profit or loss, includes transaction cost.

Subsequent to initial recognition, the Company classifies its financial instruments in the following categories: financial assets and financial liabilities at FVPL, loans and receivables, held-to-maturity investments, AFS financial assets, and other financial liabilities. The classification depends on the purpose for which the instruments are acquired and as liabilities were incurred or whether they are quoted in an active market. Management determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates this classification at reporting date.

Determination of fair value

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions) without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models.

'Day 1' Profit

Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a 'Day 1' profit) in the Company's Statement of Comprehensive Income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the Company's Statement of Comprehensive Income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' profit amount.

Financial Assets and Financial Liabilities

This category consists of financial assets or financial liabilities that are held for trading or designated by management as at FVPL on initial recognition. Derivatives instruments, except those covered by hedge accounting relationships, are classified under this category.

Financial assets or financial liabilities classified in this category are designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed, and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows, or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and financial liabilities at FVPL are recorded in the Statement of Financial Position at fair value, with changes in the fair value recorded in the Company's Statement of

Comprehensive Income. Interest earned or incurred is recorded in investment income or interest expense, respectively, while dividend income is recorded when shareholders' right to receive the payment has been established under the investment income account.

Offsetting

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

I. Financial Assets

Financial assets include cash and other financial instruments. Financial assets, other than hedging instruments, are classified into the following categories: financial assets at fair value through profit or loss, 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. The designation of financial assets is re-evaluated at every reporting date at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

The Company has no financial assets designated at FVPL, HTM investments and derivatives designated as hedging instrument as at December 31, 2017 and 2016. The foregoing categories of financial instruments are more fully described below.

(a) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held for trading designated as AFS investments or designated at FVPL. This accounting policy relates to the statement of financial position captions 'cash' that comprises cash held in banks. Loans and receivables are classified as current when these are expected to be realized within one (1) year after the end of each reporting period or within AMIC's normal operating cycle, whichever is longer. All others are classified as non-current.

After initial measurement, receivables are subsequently measured at amortized cost using the effective interest rate (EIR) method, less allowance for impairment losses. Amortized costs is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR.

(b) Available-for-sale Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are presented as Available for Sale Financial Assets account in the Statement of Financial Position.

All financial assets within this category are subsequently measured at fair value, unless otherwise disclosed, with changes in value recognized in equity, net of any effects arising from income taxes. Gains and losses arising from securities classified as available-for-sale are recognized in the Statement of Comprehensive Income when they are sold or when the investment is impaired. In the case of impairment, the cumulative loss previously recognized directly in equity is transferred to the Statement of Comprehensive Income.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment) and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to the Statement of Comprehensive Income. Reversals in respect of equity instrument classified as available-for-sale are not recognized in profit. Reversal of impairment losses on debt instrument are recognized in the Statement of Comprehensive Income if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the Statement of Comprehensive Income.

Impairment losses recognized on financial assets are presented as part of Other Expenses in the Statement of Comprehensive Income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange-quoted market bid prices at the close of business reporting date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

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. In the Statement of Comprehensive Income, all income and expenses relating to financial assets recognized in profit or loss are presented as Other Income and Finance Costs, respectively.

The Company's AFS financial asset consist of investments in quoted equity securities currently traded in the PSE and unquoted equity securities such as investments in shares of stock of MRTHI and MRTHII as of December 31, 2017 and 2016. *(See Note 7)*

Impairment of Financial Assets

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

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Derecognition of Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

The rights to receive cash flows from the asset have expired;

The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or

The Company has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that had been recognized directly in equity shall be recognized in Statement of Comprehensive Income.

Financial Liabilities

Financial liabilities include interest-bearing loans and borrowing, trade and other payables and finance lease liabilities, due to related parties and other non-current liabilities, which are measured at amortized cost using the effective interest rate method.

Financial liabilities are recognized when the Company becomes a party to the contractual agreements of the instrument. All interest-related charges are recognized as an expense in the Statement of Comprehensive Income under the caption Finance Costs. Interest-bearing loans and borrowings are raised for support of long-term funding of operations. They are recognized at proceeds received, net of direct issue costs.

Initial recognition of Financial Liabilities

Financial liabilities are initially recognized at their fair value and subsequently measured at amortized cost less settlement payments, except when these are payable within one year in which case they are stated at their nominal values. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Any effects of restatement of foreign currency-denominated liabilities are recognized in the Company Statement of Comprehensive Income.

Dividend distributions to shareholders are recognized as financial liabilities when the dividends are approved by the shareholders.

Initial recognition of Financial Liabilities

Financial liabilities are initially recognized at their fair value and subsequently measured at amortized cost less settlement payments. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Any effects of restatement of foreign currency-denominated liabilities are recognized in the Company's Statement of Comprehensive Income.

Dividend distributions to shareholders are recognized as financial liabilities when the dividends are approved by the shareholders.

Derecognition of Financial Liabilities

Financial liabilities are derecognized from the Statement of Financial Position only when the obligations are extinguished either through discharge, cancellation or expiration. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Company's Statement of Comprehensive Income.

Other Financial Liabilities

Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They arise when the Company owes money, goods or services directly to a creditor with no intention of trading the payables. Other liabilities are carried at cost or amortized cost in the Statement of Financial Position. Amortization is determined using the effective interest rate method. Other liabilities are included in current liabilities if maturity is within 12 months from the reporting date and will form part of non-current liabilities if beyond 12 months.

The Company's other financial liabilities includes Accrued Expenses, subscription payable and Advances for future lease income. Also included are deposits received from MPIC in consideration from the Cooperation Agreement. *(See Note 10)*

4.2 Investment in Associate

Significant influence and use of equity method
The Company carries its investment in Monumento Rail, where the Company has the ability to exercise significant influence since the date of acquisition, under the equity method of accounting. The existence of significant influence of the Company is evidenced by the following: representation on the board of directors, participation in the policy-making process, managerial personnel and material transaction between the two companies.

Initial and subsequent recognition
Under the equity method, the investment is initially carried at cost and is subsequently adjusted to reflect its share in Monumento Rail's net profit or loss. Other adjustments to its carrying amount include distributions received from Monument Rail and those arising from changes in Monumento Rail's other comprehensive income not included in its profit or loss such as revaluations.

Presentation
The investment is carried in the statement of financial position at cost plus post-acquisition changes in the Company's share in net assets of the associate, distributions received less any impairment in value. The statement of comprehensive income reflects the Company's share of the financial performance of the associate. Where there has been a change recognized directly in equity of the associate, the Company recognizes its share of any changes and discloses this, when applicable, in the statement of changes in capital deficiency.

The share of profit of associates is shown in the statement of comprehensive income. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

Date of associate's financial statements and accounting policies
In applying the equity method, the Company uses the financial statements of the associate as of the same date as its financial statements unless it is impracticable to do so. If it is impracticable, the most recent available financial statements of its associate are used, with adjustments made for the effects of any significant transactions or events occurring between the accounting period ends. However, the difference between the reporting date of the associate and that of the Company is not longer than three months. Monumento Rail's accounting policies are the same as that of the Company's.

Derecognition
Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal are recognized in profit or loss.

Share in losses in excess of investment
If the Company's share of losses in Monumento Rail equals or exceeds its interest in Monumento Rail, the Company discontinues recognizing its share of further losses. The Company's interest in Monumento Rail is the carrying amount of its investment in Monumento Rail under the equity method together with any long-term interests that, in substance, form part of its net investment in Monumento Rail. After its interest is reduced to zero, additional losses are recognized by a provision (liability) only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of Monumento Rail. If Monumento Rail subsequently reports profits, the Company resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized. *(See Note 9)*

4.3 Investment in Subsidiary

Subsidiaries are all entities over which the Company has the power to control the financial and operating policies. Control is achieved where the Parent Company has the power to govern the financial and operating policies of an entity generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date on which control ceases.

The Company uses the acquisition method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured at fair value of the assets given, the equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of the minority interest. The excess of cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. If the acquisition is less than fair value of the net assets of the subsidiary acquired, the difference, or negative goodwill, is recognized as Income from Acquisition directly in the Company statement of comprehensive income as part of Other Revenues.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired *(see Note 4.4)*

Transfers of assets between commonly controlled entities are accounted for under historical cost accounting.

The results of subsidiaries disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of disposal.

Intra group transactions, gains and losses on intra-group transactions are eliminated. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the accounting policies adopted by the Company.

Non-controlling interests in subsidiaries are identified separately from the Company's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the investee's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Company loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognized in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

4.4 Impairment of Non-Financial Assets

The Company's Non-financial assets are subject to impairment testing. Intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal evaluation of discounted cash flow. Impairment loss is charged pro-rata to the other assets in the cash-generating unit.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

4.5 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 commitment 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 reporting date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, not exceeding the amount of the related provision. 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. In addition, where 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.

Provisions are reviewed at each reporting date 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.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements.

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

4.6 Revenue, Other Income and Expense Recognition

Revenue

Revenue is recognized to the extent that the revenue can be reliably measured, it is probable that the economic benefits will flow to the Company, and the revenue incurred or to be incurred can be measured reliably.

Other Income

1. *Share in the Lease income termed as "Depot Royalties"*– Revenue is recognized when earned and computed at 28.47% of 5% the gross receipts of the rental income from 8.3 ha commercial center and 5% of the gross proceeds of sale or leases on improvements of 4.6 ha lot pads less management fee and general and admin expenses relative to the leased areas. *(See Notes 2, 9.1 and 11.1)*
2. *Interest* – Revenue is recognized as interest accrues (taking into account the effective yield on the asset).
3. *Share in net profit of associate* – Revenue is recognized on the basis of its proportionate ownership interest.
4. *Realized gain on foreign exchange* – Foreign exchange gain is the difference resulting from exchange differences arising on the settlement of monetary items.

Cost and Expense Recognition

Costs and expenses are recognized in the Statement of Comprehensive Income upon utilization of the service or at the date they are incurred. Except for borrowing costs attributable to qualifying assets, all finance costs are reported on an accrual basis. Cost and Expenses are presented as Other Expense *(Note 11.2)* and General and Administrative Expenses *(Note 12)* in the Statements of Comprehensive Income.

4.7 Functional Currency and Foreign Currency Transactions

(a) Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Philippine pesos, which is the Company's functional and presentation currency.

(b) Transactions and Balances

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 the Statement of Comprehensive Income.

The Effects of Changes in Foreign Exchange Rates
Provides certain restrictions in allowing the capitalization of foreign exchange differentials. Under prevailing circumstances, the adoption will not have a material effect on the Company's financial position, results of operations and cash flows in year 2017 and 2016 since the Company does not have foreign currency transactions.

4.8 Impairment of Non-financial Assets

The Company's investments in intangible assets and, property and equipment are subject to impairment testing. Intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount 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 and some are tested at cash-generating unit level.

An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal evaluation of discounted cash flow. Impairment loss is charged pro-rata to the other assets in the cash-generating unit.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

4.9 Related Party Transactions

Parties are considered to be related if one party has the ability to, directly or indirectly, control or exercise significant influence over the party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

Related party relationships are a normal feature of commerce and business. The Company sometimes grants/secures interest-bearing and non-interest bearing advances to/from its affiliates and/or shareholders. Interest-bearing advances are covered by promissory notes renewable annually. Advances to affiliates and/or shareholders are presented as part of Loans and Receivables in the Company's Statement of Financial Condition. Interest-bearing advances from an affiliate and/or shareholder are presented as part of Notes Payable in the Statement of Financial Position.

Transactions between related parties are accounted for at arm's-length prices or on terms similar to those offered to non-related entities in an economically compatible market. *(See Note 17)*

4.10 Income Taxes

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 reporting date. They are calculated according to 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 the Statement of Comprehensive Income.

Deferred tax is provided, using the balance sheet liability method on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. *(See Note 13.1)*

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences, carry forward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused tax losses from net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward benefits of unused tax credits from excess MCIT over RCIT and unused tax losses from NOLCO can be utilized. Deferred tax assets and liabilities are not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit or loss under the balance sheet 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 carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred income tax asset can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date 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.

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

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in subsidiaries and affiliates.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the Statement of Comprehensive Income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

At each reporting date, management re-assesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

4.11 Earnings (Loss) per Share

Earnings (Loss) per share is computed by dividing the net income (loss) for the year attributable to equity holders of the Company by the weighted average number of ordinary shares issued and outstanding during the year after considering the retroactive effect, if any, of stock dividends declared during the year, excluding treasury shares. *(See Note 14)*

Diluted earnings per share is calculated by dividing the net income or loss for the year by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares and adjusted for the effects of all dilutive potential common shares, if any.

In determining both the basic and diluted earnings per share, the effect of stock dividends, if any, is accounted for retroactively.

4.12 Equity

Capital stock is determined using the nominal value of shares that have been issued. *(See Note 15)*

Additional paid-in capital includes any premiums received on the initial 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. Treasury shares are stated at the cost of reacquiring such shares.

Unrealized gain/loss includes all changes in market value of the Available-for-sale Financial Assets that are taken directly to the equity. *(See Note 7.2)*

Retained earnings (deficit) include all current and prior period results as disclosed in the statement of income.

Prior Period Adjustments

Errors can arise in respect of the recognition, measurement, presentation or disclosure of elements of financial statements. Potential current period errors discovered in that period are corrected before the financial statements are authorized for issue. However, material errors are sometimes not discovered until a subsequent period, and these prior period errors are corrected in the comparative information presented in the financial statements for that subsequent period. The Company corrects a prior period error by retrospective restatement except when it is impracticable to determine either the period-specific effects or the cumulative effect of the error. When it is impracticable to determine the period-specific effects of the error on comparative information for one or more prior periods presented, the restatement of the opening balances of assets, liabilities and equity shall be made for the earliest period for which retrospective restatement is practicable. When it is impracticable to determine the cumulative effect, at the beginning of the current period, of an error on all prior periods, restatement of the comparative information to correct the error prospectively shall be made from the earliest date practicable.

4.13 Business Segments

The Company's operating business are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products.

Segment Assets and Liabilities. Segment assets include all operating assets used by a segment and consist principally of operating cash. Segment liabilities include all operating liabilities and consist principally of accrued expenses and other current liabilities. Segment assets and liabilities do not include AFS financial assets and borrowings, respectively.

Inter-segment Transactions. Segment revenue, segment expenses and segment performance include transfers among business segments. The transfers, if any, are accounted for at competitive market prices charged to unaffiliated customers for similar products.

4.14 Events after the Reporting Date

Events after the reporting date are those events, favorable and unfavorable, that occur between the reporting date and the date when the financial statements are authorized for issue.

The Company adjusts the amounts recognized in the financial statements to reflect adjusting events after the reporting date. Non-adjusting events are not recognized in the financial statements but are disclosed in the Notes to Financial Statements. *(See Note 21)*

Note 5 – CASH

The Company recognized cash in bank amounting to P871,601 and P931,146 as at December 31, 2017 and 2016.

Cash accounts with banks generally earn interest at rates based on daily bank deposit rates. Interest income amounts to P3,606, P2,515 and P5,509 in 2017, 2016 and 2015, respectively presented as part of Other Income in the Statement of Comprehensive Income. The Company recognized foreign exchange gain in USD-denominated bank account amount to P1,966, P926 and P1,603 in 2017, 2016 and 2015, respectively *(see Note 11.1)*.

Note 6 – RECEIVABLES

This account is composed of the following:

		2017		2016
Accounts Receivable *(Note 6.1)*	**P**	**29,343,472**	P	28,958,970
Receivable from Monumento Rail *(Notes 6.2 and 17)*		**6,216,406**		6,216,406
Advances to MRTHI *(Note 6.3)*		**2,779,228**		2,779,228
Advances to MGHC Royal Holdings Corp. *(Note 9.2)*		**45,191**		-
Advances to Officer / Employee		**20,000**		
Other Receivables		**239,746**		5,000
	P	**38,644,043**	P	37,959,604

6.1 Accounts Receivable

This account pertains to accrual of the Company's 28.47% share in the lease income from depot development rights in TriNoma from North Triangle Depot Commercial Corporation (NTDCC) *(see Notes 11.1)* which is inclusive of deferred output VAT *(see Note 10.4)*.

The fair value of these short-term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

6.2 Receivable from Monumento Rail

This account includes the share in various expenses of Monumento Rail paid by the Company *(see Note 17)* and settlement of the redemption price for the preferred shares redeemed amounting to P901,471 *(see Note 8).*

6.3 Advances to MRTHI

This account pertains to expenses relating to meetings with prospective investors paid by the Company in behalf of MRTHI in 2014. *(See Note 17)*

Note 7 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

This account is composed of the following:

	2017	2016
Unquoted equity securities *(Note 7.1)*	**P 1,490,792,039**	P 1,502,387,054
Quoted equity securities *(Note 7.2)*	**4,452,804**	5,416,990
	P 1,495,244,843	P 1,507,804,044

7.1 Unquoted equity securities

Details of investments in MRTHI and MRTHII as at December 31, 2017 and 2016 as follow:

	2017	2016
Acquisition cost	**P 3,331,144,116**	P 3,331,144,116
Balance at beginning of year	**P 1,502,387,054**	P 1,516,224,592
Less: Impairment loss *(Note 11.2)*	**(11,595,015)**	(13,837,538)
Balance at end of year	**P 1,490,792,039**	P 1,502,387,054

The Company's ownership interests as at December 31, 2017 and 2016 in MRTHI and MRTHII are as follow:

Investee	Interest	Indirect Interest	Effective Interest	Nature of Business
MRTHI	18.6%	-	18.6%	Holding Company
MRTHII	12.6%	15.80%	28.4%	Holding Company

MRTHI

MRTHI has 84.9% interest in MRTH II.

MRTH II

MRTHII wholly owns MRTC, which was awarded by the Philippine Government (Government), acting through the DOTC, the BLT Agreement to build, lease, and transfer a 16.9-kilometer rail transit system in Metro Manila, known as LRTS Phase I, with a right to submit a bid for the Monumento Extension (LRTS Phase II) and the Makati Loop. *(See Note 2)*

Sale of Future Share Distributions

In 2002, the Company and other participating shareholders of MRTHI and II (collectively referred to as the 'Sellers', entered into Sale Agreements (Agreements) with TBS Kappitel Corporation Pte Ltd (TBS Kappitel). Under the said Agreements, the Sellers sold to TBS Kappitel all future share distributions arising from the ERP of the LRTS Phase I Project of MRTC in exchange for Original Issuance Discount Bonds (OID Bonds) due in 2009 with an aggregate principal amount of US$80,630,000 issued by Asian Infrastructure Capital Corporation (Asian Infrastructure).

Asian Infrastructure and the Sellers subsequently agreed that the former shall redeem the OID Bonds held by the Sellers in full by delivering (a) US$57,678,000 in aggregate principal amount of Asset-Backed Notes ('Notes') – Tranche 1 and (b) US$22,952,000 in aggregate principal amount of the Tranche 2-A Notes, after which the Sellers would have no further claims against Asian Infrastructure and that the OID Bonds will be cancelled.

The Company also sold to TBS Kappitel all of its rights, title and interest in and the right to receive such future share distribution in MRTHI and/or MRTH II, arising from 7,577,800 shares of common stock of MRTH II acquired by the Company under the Minority Shareholder Sale Agreement, from January 15, 2002 until the final ERP Date. In consideration for the sale, the Company received the aggregate principal amount of US$3,500,000 of the Tranche 1 Notes.

The Notes were issued by MRT III Funding Corporation Limited (MRT III). Tranche 1 Notes are transferable and bear annual interest at 9.5% and are due on August 7, 2007. Tranche 2-A Notes are without interest rate coupons and are due on August 7, 2008. The Notes were used by the Company to substantially settle its debts to FEMI, a major shareholder.

The security structure of the transactions as described above is covered by several agreements that provide the link between share distributions arising from the ERP of the LRTS Phase I Project of MRTC and payments to the Noteholders. The parties involved include MRTC, MRTHI, MRTH II, TBS Kappitel, the Sellers (which include the Company), the custodian and the trustee. These agreements: (a) facilitate the timely payment of the Sellers' share of the ERP of the LRTS Phase I Project of MRTC ensuring that the right to receive their share in the ERP has been legally independent of the Sellers to the Noteholders, (b) ensure the flow of rental payments independent of the Sellers, (c) bind the Sellers to cause the timely collection of rental payments and to cause MRTC to perform its obligations, and (d) prevent the Sellers from selling their rights in MRTC for as long as the Notes are outstanding. Accordingly, the stock certificates of the Company in MRTHI and MRTH II are under the custody of a trustee and were pledged to MRT III.

MRTC accounts for the lease payments from DOTC under finance lease where lease financing income is recognized using a constant periodic rate of return on the net investment. Future share distribution sold under the Agreements pertains to the Company's share in the ERPs of the LRTS Phase 1 Project of MRTC.

Pursuant to the Coordination Agreement and Cooperation Agreement, both dated August 7, 2002, the Company and the other participating shareholders of MRTHI and MRTH II shall (a) cause MRTC to perform its obligations under its agreement with the DOTC and cause the timely collection of rental payments and (b) ensure that ERP have been remitted to MRT III bank account either by way of declaration of dividends or by way of advances against dividends.

Pursuant to the agreements above, MRTC has remitted to the MRT III bank account the ERP of the LRTS Phase I Project received from DOTC. On April 4, 2014, MRTC declared cash dividends equivalent to and to be offset against accumulated advances to shareholders representing ERP remittances to shareholders as at December 31, 2013.

With the sale of the future share distributions from ERPs of the LRTS Phase I project of MRTC, the Company does not recognize its share in earnings of MRTC arising from the ERPs of the LRTS Phase I Project.

Notwithstanding the sale of future share distributions, the Company, together with the other participating shareholders of MRTHI and MRTH II in the securitization, continues to hold on to the legal rights over the shares of stock in MRTHI and MRTH II in compliance with the various agreements related to the Notes as previously discussed, as well as the Company's obligation under the Agreement of MRTC with DOTC whereby the original shareholders of MRTHI and MRTH II are precluded from transferring their equity interest in MRTHI and MRTH II until the end of the BLT Agreement in July 2025. Accordingly, any additional variable ERP to be received by MRTHI and MRTH II through MRTC from DOTC in the future in the form of a ridership bonus or sharing scheme which were not included in the future share distributions sold and any benefits arising from the residual rights in the expansion project shall still accrue to the Company and the other shareholders.

Letter of Agreement
On the basis of these potential benefits, on August 18, 2005, the Company and FEMI entered into a "Letter of Agreement", whereby FEMI has agreed to grant and granted the Company the sole option to assign to FEMI its equity interests in MRTHI and MRTH II as settlement of the Company's liabilities to FEMI amounting to P807.32 million (included in 'Due to a stockholder' account in the statements of financial position) and any additional advances or interest which FEMI may charge to the Company in relation to the said advances. Under the "Letter of Agreement," should the Company opt to sell the said investments to third party or parties in the future, FEMI has the right of first refusal to purchase the said investments at its prevailing market value.

As also discussed in Note 2, on November 12, 2010, the Fil-Estate Companies entered into a Cooperation Agreement with MPIC relating to the Fil-Estate Companies' rights and interests in the MRT Companies. Under the Cooperation Agreement, the Fil-Estate Companies shall appoint MPIC as its attorney-in-fact in connection with the exercise of the rights and interests of the Fil-Estate Companies in the MRT Companies. Deposits received by the Company in 2010 amounted to P350.0 million and is recorded as part of "Due to a stockholder" in the statements of financial position. Should the agreement be consummated, the deposits will form part of the total acquisition price. Otherwise, these shall be forfeited and recorded as other income. The completion and consummation of the transaction contemplated by the parties is subject to certain conditions, which as at December 31, 2017 has not yet occurred. As such, MPIC and Fil-Estate Companies are still in the process of discussing possible scenarios on how to implement the transactions contemplated by the parties when they entered into the Cooperation Agreement.

Management believes that the carrying amount of the investments in MRTHI and MRTH II, after the application of the proceeds from the sale of the share of the future share distributions as discussed above, can be realized in the future through:

a. The Company's share in any additional variable ERP received by MRTC from DOTC in the form of a ridership bonus or sharing scheme which were not included in the future share distributions sold;

b. The Company's share in the benefits arising from the residual rights in the expansion project; and

c. The Company's put option to use the shares of stocks of MRTHI and MRTH II to pay-off its net advances from FEMI pursuant to the "Letter of Agreement" discussed above.

As at December 31, 2016, the outstanding liability to FEMI and after considering the deposit received from MPIC and advances from MRTHI and MRTHII for an aggregate amount of P1,502.4M while the carrying value of the investments amounts to P1,516.2M. Therefore, there is an indication of impairment. The Company recognized an impairment loss of P13.8M for the year. *(See Note 11.2)*

As at December 31, 2017, the outstanding liability to FEMI and after considering the deposit received from MPIC and advances from MRTHI and MRTHII for an aggregate amount of

P1,502.4M while the carrying value of the investments amounts to P1,490.8M. Therefore, there is an indication of impairment. The Company recognized an impairment loss of P11.5M for the year. *(See Note 11.2)*

7.2 Quoted equity securities

Movements in AFS financial assets consists of:

		2017		2016
Acquisition cost	P	**2,565,582**	P	2,565,582
Cumulative change in fair value of AFS				
Balance at beginning of year		**2,851,408**		2,178,072
Changes in fair value during the year		**(964,186)**		673,336
Balance at end of year		**1,887,222**		2,851,408
	P	**4,452,804**	P	5,416,990

The changes in fair value of quoted equity securities are presented as changes in fair value of available-for-sale financial assets in the Other Comprehensive Income amounting to P(964,186) and P673,336 in 2017 and 2016, respectively.

Note 8 – OTHER CURRENT ASSETS

This account consists of the following:

		2017		2016
Creditable Withholding Tax *(Note 13.2)*	P	**1,392,159**	P	1,353,223
Input VAT *(Note 13.2)*		**86,045**		225,785
Balance at end of year		**1,478,204**		1,579,008

Creditable withholding relates to the lease income received in 2017 and 2016. *(See Note 11.1)*

Note 9 – INVESTMENTS

9.1 Investment in Associates

The Company, through its direct and indirect investments in MRTHI and MRTH II, is the beneficial owner of 28.47% equity interest in Monumento Rail Transit Corporation (Monumento Rail). The Company's interest in Monumento Rail expectedly allows the Company's participation in the train system extension and additional train/vehicle procurement, in the event the Government awards the projects to MRTC, and it will continue to pursue. As at December 31, 2017, the Monumento Rail has no commercial activity and is in the process of negotiating with the Government towards the submission of a proposal for the said projects.

Build-Lease-Transfer Agreement
Under the Build-Lease-Transfer (BLT) between the Department of Transportation and Communication (DOTC) and Metro Rail Transit Corporation, (formerly EDSA LRT Corporation), Metro Rail Transit Corporation was granted Development Rights over the 16 ha. Depot along North Avenue, Quezon City.

Development Rights Assignment
On June 16, 1995, Metro Rail Transit Corporation and MRTDC (formerly EDSA LRT Development Corporation) entered into a Deed of Assignment of Development Rights where MRTDC is obligated to pay/deliver to Metro Rail Transit Corporation the following:

(a) with respect to the improvements constructed by MRTDC on the Depot intended for sale or disposition, 5% of the gross proceeds of such sale;

Deeds of Assignment of Reserve Rights and Reserve Obligations
By virtue of an Assignment and Assumption Agreement dated December 18, 2000, Monumento Rail, a subsidiary of Metro Rail Transit Corp. Ltd. (MRTCL), accepted the assignment from the latter of the Reserved Rights as follows:

(a) Develop commercial premises in the depot and the air space above the stations,
(b) Lease or sub-lease interests or assign such interests in the depot and
(c) Obtain any advertising income from the depot and such air space and LRTS Phase I, and the assumption of the Reserved Obligation representing all the obligations, liabilities an indebtedness under the assignment of Development Rights dated June 15, 1995 between MRTCL and Metro Rail Transit Dev. Corp. (DEVCO).

Reclassification of common shares into redeemable preferred shares
On February 17, 2006, the SEC approved the reclassification of a portion of the Monumento Rail's 190,000,000 issued common shares into 126,666,666 common shares and 63,333,334 common shares convertible into redeemable preferred shares.

Redemption of redeemable preferred shares
On August 22, 2006, the Board of Directors of Monumento Rail Transit Corporation (Monumento Rail) approved the redemption of the redeemable preferred shares it issued to its shareholders through the assignment of its right to receive Depot Royalty Rights pro-rata to the percentage of shareholdings held by each shareholder. On December 17, 2014, Monumento Rail and its shareholders executed the Redemption and Deeds of Assignment of the redeemable shares. The cost of the Company's 18,029,417 redeemable preferred shares amounts to P901,471 based on par value of P.05 per share which is the price per share at time of redemption. In accordance with the Articles of Incorporation of the issuer, the holder of the redeemable preferred shares is given the privilege of a right to receive Depot Royalty pro-rata to the percentage of shareholdings of redeemable shares by each stockholder of record as of August 22, 2006. As of reporting date, the Company recognized its share in the lease income termed as "Depot Royalty" amounting to P27,423,805 representing 28.47% of 5% of lease income in the subject Depot in 2017. *(See Note 11.1)*

Settlement Agreement
On December 17, 2014, the Company, together with all the shareholders of Monumento Rail Transit Corp., entered into a Settlement Agreement with Metro Rail Transit Development Corporation (MRTDEVCO) and companies who are parties to a Vested Rights Agreement dated May 22, 1995, whereby MRTDEVCO agreed to assign to parties of the Vested Rights Agreement the development rights to specific developable areas of the 16 hectares Depot in North Triangle corner EDSA, North Avenue and Mindanao Avenue. The assignment of development rights, however, are conditioned on the assumption of the assignees of the obligation to pay the Depot Royalties to shareholders of Monumento Rail Transit Corp. (Monumento Rail) arising from the developments in the Depot in accordance with the Deed of Assignment of Development Rights of June 16, 1995 between Metro Rail Transit Corp. Ltd. (MRTCL) and MRTDEVCO, the Assignment and Assumption Agreement of December 18, 2000 between MRTCL and the Company, and Deed of assignment between by MRTDEVCO to NTDCC on February 21, 2002.

Assumption and Accession Agreement
On October 29, 2015, the Company, together with Global-Estate Resorts, Inc.(GERI) and North Triangle Depot Commercial Corporation (NTDCC) entered into an Assumption and Accession

Agreement. Under the agreement, GERI, with the consent of the Company, assigned to NTDCC the former's obligation to pay the Company the latter's 28.47% of 5% of the Depot Royalties.

Lease Agreement
GERI and NTDCC also entered into a Lease Agreement over North Avenue Lot Pads A and B in the Depot. As a condition to the signing of the Lease Agreement, GERI required NTDCC to assume the obligation of GERI to pay the Company 28.47% of 5% the Depot Royalties pursuant to the Assumption and Accession Agreement.

The 28.47% equity interest of the Company in Monumento Rail consisted of:

(a) Shares issued to the Company totaling 10,000,675 shares, which constitutes 15.79% of the total equity of Monumento Rail;

(b) Shares issued in the name of Fil-Estate Properties, Inc. (FEPI), totaling 5,485,680 shares, which represents 8.66% equity interest in Monumento Rail, to which FEPI issued in favor of the Company, a "Declaration of Trust and Transfer"; and,

(c) Shares of several minority shareholders aggregating 2,544,320 shares, representing 4.02% equity interest in Monumento Rail, acquired by the Company in 2002. On January 7, 2015, the Regional Trial Court of Makati issued a certification of a Special Power of Attorney (document) issued on January 14, 2002 whereby these minority shareholders have named and appointed the Company to be their lawful attorney-in-fact with full power and authority to perform such acts relative to the shares as enumerated in the document. In 2014, Deeds of Assignment were issued formally transferring minority shareholders' respective interest in Monumento Rail aggregating 4.02% to the Company.

The 28.47% equity interest in Monumento Rail entitled the Company to a share in the Depot Royalty Rights due to the shareholders of Monumento Rail computed at 28.47% of 5% of the gross receipts of the rental income from 8.3 ha commercial center and 5% of the gross proceeds of sale or leases on improvements of 4.6 ha lot pads less management fee and general and admin expenses relative to the leased areas. *(See Notes 2 and 6.1)*

Monumento Rail has no commercial activity and is in the process of negotiating with the Government towards the submission of a proposal as of December 31, 2017.

There are no significant restrictions on the ability of Monumento Rail to transfer funds to the Company in the form of cash dividends or repayment of loans or advances.
The Company's original investment with Monumento Rail amounts to P1.2M.

As at December 31, 2017 and 2016, the Company recognized a share in net loss amounted to P20,833 and P1,838,252, respectively.

	2017	2016	2015
Share in profit (losses) for the period	**P (20,833)**	P (1,838,252)	P (254,332)
Cumulative share of profit (losses)	**6,937,877**	6,958,710	8,796,961

The summarized financial information of Monumento Rail as follows:

	2017	2016
Total assets	**P 127,802,410**	P 127,116,461
Total liabilities	**124,410,612**	123,651,486
Total capital	**3,391,798**	3,464,975
Retained earnings	**(2,941,535)**	(2,868,358)
Net income (loss)	**(73,177)**	(6,456,802)

9.2 Investment in Subsidiary

In 2017, the Company acquired 99% ownership of MGHC Royal Holdings Corporation, amounting to P2,499,500.

MGHC Royal Holdings Corporation was organized and established as a domestic corporation under SEC Registration Number 201715236 dated May 19, 2017. The principal activity of the company is to engage in the business of invest, in purchase, or otherwise acquire, and own, hold, use, sell, assign, transfer, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities of obligation of any other corporation or corporations associations or associations, domestic or foreign, for whatever lawful purpose or purposes.

The condensed financial information of MGHC Royal Holdings Corp. as of December 31 as follows:

	2017
Total assets	**P625,321**
Total liabilities	**45,191**
Total capital	**580,129**
Net income (loss)	**(44,871)**

Note 10 – ACCRUED EXPENSE AND OTHER CURRENT LIABILITIES

This account consists of the following on the next page:

	2017	2016
Advances from MPIC *(Note 10.1)*	**P 350,000,000**	P 350,000,000
Accrued Expense *(Note 10.2)*	**62,890,360**	59,375,284
Advances from NTDCC *(Note 10.3)*	**28,366,428**	28,616,135
Deferred Output VAT *(Note 10.4)*	**3,290,857**	3,247,735
Withholding Tax Payable - Expanded	**25,834**	25,836
Subscription Payable *(Note 10.5)*	**1,886,763**	12,263
	P 446,460,241	P 441,277,252

10.1 Advances from MPIC

This account pertains to deposit received from MPIC in relation to the Cooperation Agreement entered into by the Fil-Estate Companies amounting to P350M. Should the Cooperation Agreement be consummated, these advances will be used as acquisition price of the shares *(see Note 2).*

MPIC was appointed as attorney-in-fact in connection with the exercise of the rights and interests of the Fil-Estate Companies in the MRT Companies.

10.2 Accrued Expense

This account pertains mainly to accrual of deficiency tax for prior year and professional fee including audit fee. Also included is the accrual of retainer fees to Arch Advisory Limited amounting to P6,078,015, P2,752,215 and P3,345,345 in 2017, 2015 and 2014, respectively. *(See Notes 12 and 21.2)*

10.3 Advances from NTDCC

This account pertains to advances from North Triangle Depot Commercial Corporation (NTDCC) for future lease income. *(See Note 9.1)*

NTDCC was organized primarily to own and operate the commercial center known as Triangle in Northern Metro Manila (TriNoma) developed and built on top of the MRT Depot.

10.4 Deferred Output VAT

This account pertains to VAT on royalty income not yet received as of reporting date. *(See Note 6.1)*

10.5 Subscription Payable

This account pertains to the Company's investment to MGHC Royal Holdings Corporation which are not yet paid as of reporting date.

Note 11 – OTHER INCOME AND EXPENSE

11.1 Other Income

This account consists of the following:

		2017		2016		2015
Share in the rental income termed as "Depot royalties" *(Note 6)*	P	27,843,189	P	27,064,458	P	25,010,689
Interest Income *(Note 5)*		3,606		2,515		5,509
Gain/Loss on Foreign Exchange *(Note 5)*		1,966		926		1,603
		27,848,761		27,067,899		25,017,801

11.2 Other Expense

		2017		2016		2015
Impairment loss on investment *(Note 7.1)*	P	11,595,015	P	13,837,538	P	14,502,408
Share in net loss of associate *(Note 8)*		20,833		1,838,252		254,332
	P	11,615,849	P	15,675,789	P	14,756,740

Note 12 – GENERAL AND ADMINISTRATIVE EXPENSES

This account consists of the following:

	2017	2016	2015
Professional & Retainers Fee *(Note 22.1)*	**P 11,754,059**	P 7,542,238	P 4,481,129
Taxes & Licenses *(Note 13.2)*	**1,069,740**	314,085	304,949
Legal/litigation	**1,100,283**	1,865,753	2,726,123
Salaries & Wages	**960,000**	960,000	560,000
Transportation & Travel Expense	**932,808**	1,233,827	731,906
Fines & penalties	**425,000**	425,360	425,000
13th month pay	**80,000**	80,000	80,000
Food Expense	**78,882**	23,451	58,398
Seminar & Training	**60,000**	78,048	63,000
Printing & Reproduction	**18,301**	8,154	30,630
Bank Charges	**15,013**	1,440	1,400
Gasoline Exp	**1,607**	-	-
Representation Exp.	**45**	- 873	422,350
Telephone, Telegraphic & Postage	**13**	13,956	-
Registration Fee	-	500	-
Sponsorship	-	20,000	150,000
Office Supplies	-	102	-
Global Technology Provider Fee	-	-	1,241,648
Repairs and Maintenance	-	-	2,500
	P 16,495,752	P 12,566,040	P 11,279,033

Professional fee includes retainer fee for the Company's financial advisor in connection with new financing of MRT3 for potential investors *(see Note 22.1)*.

Fines and penalties pertain to SEC charges relative to annual PSE listing.

Note 13 – TAXES

13.1 Current and Deferred Tax

The major components of tax expense for the years ended December 31, 2017 and 2016 are as follows:

	2017	2016
Regular Income Tax at 30%	**P 5,227,635**	P 1,361,839
Final tax on interest income	**721**	503
	P 5,228,356	P 1,362,342

The reconciliation of tax on pretax income computed at the applicable statutory rates to tax expense attributable to continuing operations follows:

		2017		2016
Tax on pre-tax income	P	(78,852)	P	(352,180)
Interest Income		(1,082)		(755)
Foreign exchange gain		(590)		-
Disallowed Expense		1,823,405		6,000
Share in net loss of associate		6,250		551,475
Deferred tax on Impairment loss on AFS		3,478,505		4,151,261
Final tax on interest income		721		503
Applied NOLCO		-		(2,993,964)
	P	5,228,356	P	1,362,342

Deferred Tax Asset

Deferred tax asset in respect to Company's impairment loss in unquoted AFS, provision for probable losses and market adjustment of quoted AFS for an aggregate amount of P558.13M and P554.36M as at December 31, 2017 and 2016, respectively has not been recognized because it is probable that future taxable income will be available against which the Company can utilize the benefit there from.

Details of unrecognized deferred tax asset are as follows:

	2017				2016			
		Tax Base		Tax Effect		Tax Base		Tax Effect
Impairment loss on AFS investment *(Note 7.1, 10.2)*	P	1,840,352,077	P	552,105,623	P	1,828,757,062	P	548,627,119
Provision for probable losses *(Note 9.2, 11.2)*		19,399,093		5,819,728		19,399,093		5,819,728
Unrealized (gain) loss on AFS		678,360		203,508		(285,826)		(85,748)
			P	558,128,859			P	554,361,099

13.2 Supplementary Information Required Under RR 15 – 2010

Output VAT

VAT Payable (Jan. 1, 2017) a -

	Sales	Output VAT
Vatable Sales/Receipts for 2017	27,843,189	3,341,183
Zero-rated sales/receipts	-	-
Exempt sales/receipts	-	-
	27,843,189	3,341,183

(continued on the next page...)

Less:				
Allowable Input Tax:		-		
Purchases for the year		*Purchases*	*Input VAT*	
Input Tax Carried from Previous Year/Excess over 70% of output VAT		-	225,785	
Input Tax Deferred on capital goods exceeding P1M from prev. period		-	-	
Input Tax Carried from Current period				
Purchase of capital goods not exceeding P1m		1,185	142	
Purchase of capital goods exceeding P1m				
Domestic Purchase of Goods other than capital goods		1,005	121	
Importation of goods other than capital goods		-	-	
Domestic Purchase of Services		1,455,726	174,687	
Total current purchases		1,457,916	400,734	
Total Available Input Tax			-	
Less: Deductions				
Input Tax on capital goods exceeding P1Mdeferred for succeeding period				
Input Tax allocable to exempt sales			-	
Input Tax in excess over 70% cap of output VAT carried to next period			86,045	
Sub-Total			86,045	
Total Allowable Input Tax			314,690	
Net VAT Payable (Overpayment) for 2017	b			3,026,493
Less: Payments				-
Remittance of VAT Payable, Dec. 31, 2016			-	
Remittance of 2017 VAT Payable (January 2017 to November, 2017)	c		3,026,493	3,026,493
Tax Still Payable (a + b - c)				(0)

Withholding Taxes

	Remitted	Accrued
Compensation		
Remittance of W/T Payable, Dec. 31, 2016	P 25,836	
Remittance of W/T Payable (January 2017 to November, 2017)	218,174	P 25,834
Expanded		
Remittance of W/T Payable, Dec. 31, 2016	-	
Remittance of W/T Payable (January 2017 to November, 2017)	44,444	-

Taxes and Licenses

	2017	2016	2015
Business permit	**P 810,590**	P 21,142	P 21,142
Annual Listing Fee	**258,500**	280,000	283,360
Others	**650**	12,943	447
	P 1,069,740	P 314,085	P 304,949

Creditable Withholding Tax

		2017		2016
Beginning balance	P	**1,353,223**	P	-
Add: Creditable witthholding tax received for the year		**1,392,159**		2,603,757
Less: Applications made				
Application made on 2016 income tax payable		**(1,353,223)**		-
Application made during the year 2017		**-**		(1,250,534)
Ending balance *(Note 8)*	P	**1,392,159**	P	1,353,223

13.3 Income Tax Payable

		2017		2016
Income tax payable, beginning	P	**111,308**	P	500,249
Add: Income tax due for the year		**5,227,635**		1,361,839
Less: Prior period tax credits		**-**		-
Less: Payments				
Income tax paid previous year		**(563,447)**		-
Income tax paid for first 3 quarters		**-**		-
Less: Creditable withholding tax				
applied in previous year income tax due		**(1,353,223)**		(1,250,534)
for the first 3 quarters 2017		**-**		(500,246)
Less: Excess MCIT applied this current year		**-**		
Income tax payable, ending	P	**3,422,273**	P	111,308

13.4 Tax Assessments and tax cases

The Company has no deficiency tax assessments or on-going tax cases, protested or not, as of December 31, 2017.

13.5 Uncertain Tax Position

The Company has not identified any significant component of the financial statements that may hold uncertain tax position under the tax laws of the Philippines other than those that have been considered in the Company's income tax calculation.

13.6 Recent tax regulation

The following are the major changes brought by new tax regulations that are relevant to the Company:

(a) On December 19, 2017, President Rodrigo Duterte signed into law package 1 of the Tax Reform for Acceleration and Inclusion ("TRAIN") bill of or Republic Act No. 10963. The law contains amendments to several provisions of the National Internal Revenue Code of 1997 on individual income taxation, passive income for both individuals and corporations, estate tax, donor's tax, value added tax (VAT), excise tax, and documentary stamp tax ("DST"), among others. The said law shall be in effect starting on January 4, 2018.

(b) REVENUE REGULATIONS NO. 5-2016 issued on June 1, 2016 amends Revenue Regulations No. 15-2012 by providing additional criteria in the accreditation of printers engaged in printing services of official receipts, sales invoices and other commercial receipts and/or invoices.

(c) REVENUE REGULATIONS NO. 10-2016 issued on December 27, 2016 amends Section 10.C. of Revenue Regulations (RR) No. 17-2011, which implements the early withdrawal penalty of Republic Act (RA) No. 9505, otherwise known as the "Personal Equity and Retirement Account (PERA) Act of 2008."

(d) REVENUE REGULATIONS NO. 9-2016 issued on December 8, 2016 amends Section 4 of Revenue Regulations No. 6-2014 relative to the coverage of taxpayers who are mandated to file tax returns through the Electronic Bureau of Internal Revenue Forms (eBIRForms).

Note 14 – LOSS PER SHARE

Loss per share were computed as follows:

	2017	2016	2015
Net Loss	**(P 5,491,197)**	(P 2,536,274)	(P 1,019,074)
Divided by Weighted average number of shares outstanding	**1,998,553,181**	1,998,553,181	1,998,553,181
	(P 0.00)	(P 0.00)	(P 0.00)

Note 15 - EQUITY

Share Capital

	2017	2016
Authorized capital stock	**2,000,000,000**	2,000,000,000
Issued and subscribed capital stock	**1,998,553,181**	1,998,553,181
Less: subscription receivable	**-**	-
Issued and subscribed capital stock	**1,998,553,181**	1,998,553,181
Add: shares issued through conversion	**-**	-
	1,998,553,181	1,998,553,181
Par value	**1**	1
	P 1,998,553,181	P 1,998,553,181

Proposed increase in authorized capital stock
The Company plans to increase its authorized capital stock to 3,000,000,000 shares at P1.00 per share, from 2,000,000,000 shares at P1.00 per share.

FEMI agrees to subscribed to 25% of the plan increased in capitalization, or 250,000,000 shares at P1.00 per share, through the conversion into equity of portion of its advances to the Company. As of December 31, 2017, FEMI's advances to the Company amounted to P807.3Million. *(See Note 2)*

Additional Paid-in Capital

In 1996, the Board of Directors and Stockholders approved (i) the increase in authorized capital stock (Class A and B) from P300 million, divided into 30 billion shares at P0.01 par value per share to P2 billion, divided into 2 billion shares at P1.00 par value; and (ii) the declassification of Class A and B common shares to a single common share. Fil-Estate Management, Inc. (FEMI) subscribed to 700 million shares in exchange for the assignment of its interests in the MRTHI and Metro Rail Transit Corp., Limited (MRTCL) with an aggregate carrying value of P1.3 billion.

On January 22, 1998, the Securities and Exchange Commission (SEC) approved the change in par value from P0.01 per share and the declassification of Class A and B common shares to a single class of common shares. On December 11, 2000, the SEC approved the Company's application for the increase in authorized capital stock from 300 million shares to 2 billion shares at P1.00 par value. Accordingly, the equity contribution of FEMI of P1.3 million as mentioned above was presented as part of "Capital stock" and "Additional paid-in capital" for the excess in par value.

Conversion of Advances to Equity
On December 16, 2013, the Securities and Exchange Commission (SEC) approved the Increase in Paid-up capital through conversion of advances amounting to P800M.

On September 4, 2014, the Securities and Exchange Commission (SEC) approved the Increase in Paid-up capital through conversion of advances amounting to P200.15M.

Track Record of Registration of Securities

Date of SEC Approval	*Authorized Shares*	*Number of Shares Issued*	*Issue/Offer Price*
January 22, 1998	300,000,000	297,948,837	P1.00
1999	-	1,901,163	P1.00
December 11, 2000	1,700,000,000	-	P1,00
2000	-	700,000,000	P1.00
December 16, 2013	-	800,000,000	P1.00
September 4, 2014	-	200,150,000	P1.00
	P2,000,000,000	P1,998,553,181	

a. On January 22, 1998, the SEC approved the changed in par value from P0.01 per share to P1.00 per share and the declassification of Class A and B common shares to a single class of common shares.
b. On December 11, 2000, the SEC approved the increase in authorized capital stock from P300Million, divided into 30.0 billion shares with a par value P0.01per share, to P2 billion divided into 2.0billion shares with a par value P1.00 per share.
c. On December 16, 2013, the SEC approved the conversion of portion of the Company's liabilities to FEMI amounting to P800million into equity shares totaling 800million shares at P1.00 par value.
d. On September 4, 2014, the SEC approved the conversion of portion of the Company's liabilities to FEMI amounting to P200.15million into equity shares totaling 200.15million shares at P1.00 par value.

Note 16 – OPERATING SEGMENT

For management purposes, the Company is organized into one main operating segment, which invests in infrastructure-related investments. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment.

Financial information about the Company's business segments are shown below:

	2017	2016	2015
Earnings Information			
Royaltee fee	**27,843,189**	27,064,458	25,017,802
Interest income	**3,606**	2,515	5,509
Gain on foreign exchange	**1,966**	926	1,603
Other income	-	-	-
General and administrative expenses	**(16,495,752)**	(12,566,040)	(11,279,033)
Net income (loss)	**(5,491,197)**	(2,536,274)	(1,019,074)
Other information			
AFS financial assets	**1,495,244,843**	1,507,804,046	1,520,968,247
Segment assets	**40,993,848**	40,469,757	30,758,305
Segment liabilities	**446,460,241**	441,277,252	430,979,082

The following illustrate the reconciliation of reportable segment assets and liabilities to the Company's corresponding amounts:

	2017	2016	2015
Assets			
Total assets for reportable segments	**40,993,848**	40,469,757	30,758,305
AFS financial assets	**1,495,244,843**	1,507,804,046	1,520,968,247
Total assets	**1,536,238,691**	1,548,273,803	1,551,726,552
Liabilities			
Total liabilities for reportable segments	**446,460,241**	441,277,252	430,979,082
Due to a stockholder	**807,323,416**	818,918,431	832,755,969
Due to other related parties	**333,468,624**	333,468,624	333,468,624
Total liabilities	**P 1,587,252,280**	P 1,593,664,307	P 1,597,203,675

Note 17 – RELATED PARTY TRANSACTIONS

The Company's major transactions with related parties include those with its Parent company and other related parties are described below.

	Year	Transaction Value For the year ended December 31	Outstanding Balance as of the year ended	Terms	Condition/s
Due from related parties					
MRTHI *(Note 6.3)*	**2017**	-	P **2,779,228**	Non-interest bearing	Secured
	2016	-	2,779,228		
Monumento Rail *(Note 6.2)*	**2017**	-	**6,216,406**	Non-interest bearing	Secured
	2016	-	6,216,406		
Advances to Subsidiary					
MCHC Royal Holding Corp *(Note 9.2)*	**2017**	**45,191**	**45,191**	Non-interest bearing	
Due to Stockholder					
Fil-Estate Management, Inc.	**2017**	P **(11,595,015)**	P **807,323,416**	Non-interest bearing	Secured
	2016		818,918,431	Non-interest bearing	Secured
Due to Other related parties *(Note 17.2)*					
MRTHI	**2017**	-	**213,740,407**	Non-interest bearing	Secured
	2016	-	213,740,407	Non-interest bearing	Secured
MRTHII	**2017**	-	**119,728,217**	Non-interest bearing	Secured
	2016	-	119,728,217	Non-interest bearing	Secured
	2017		**333,468,624**		
	2016		333,468,624		

17.1 Due to Stockholder

Waiver of Interest

Due to a stockholder pertains to advances from FEMI with interest of 4% per annum until 2011. On December 10, 2012, as a form of support to the Company, FEMI waived the 4% interest charged to advances made to the Company starting January 1, 2012.

This liability arose mainly from FEMI's payment of the Company's bank loans including interests and penalties, aggregating P3,000million and the cost of acquisition of shares of minority stockholders of MRTH II amounting to P180.0million. Over the years, the amount of liability was reduced mainly by transferring asset back notes to FEMI aggregating P978million in 2004 and P650million prior to 2004.

As discussed in Notes 2 and 7.1, under the "Letter of Agreement" entered into between the Company and FEMI, the Company has the option to transfer its investments in MRTHI and MRTH II in payment for the outstanding advances.

FEMI made advances to the Company totaling to P8.5M and P11.2M in 2017 and 2016.There are no interest expenses related to these advances.

Non-current classification
As the Company has a standing option to offset the unquoted securities against the advances from FEMI and exercise the option to settle the remaining liability with the delivery of the shares upon expiration of the BLT Agreement in 2025, "Due to a stockholder" was classified as non-current.

Accounting and administrative functions
The accounting and administrative functions of the Company are also being handled by FEMI for no consideration.
Fil-Estate Management, Inc. (FEMI), Parent company, made advances to the Company to cover all the expenses related to the latter's operation.

Conversion of advances to equity
On September 4, 2014, the Securities and Exchange Commission (SEC) approved the Increase in Paid-up capital through conversion of advances amounting to P200.15M.

Roll-forward analysis:

	2017	2016
Balance at the beginning of the year	**P 818,918,431**	P 832,755,969
Cash advances	**50,000**	-
Expenses paid in advance	**8,583,474**	11,243,652
Cash Payment	**(20,228,489)**	(25,081,190)
Balance at the end of the year	**P 807,323,416**	P 818,918,431

17.2 Due to Other Related Parties

Due to related parties pertain to advances received from MRTHI and MRTH II in prior years to be applied against future dividends to be declared by MRTHI and MRTH II. The advances had not been discounted as there is no reliable basis of estimating the cash flow. As at December 31, 2017 and 2016, the outstanding due to related parties are as follows:

	2017	2016
MRTHI	**P 213,740,407**	P 213,740,407
MRTHII	**119,728,217**	119,728,217
	P 333,468,624	P 333,468,624

Note 18 – CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Company manages its paid-up capital, additional paid-in capital, deficit and due to related parties as capital.

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the statements of financial position.

		2017		2016
Total Liabilities	P	1,590,674,553	P	1,593,775,614
Total Equity		(45,899,956)		(39,444,574)
Debt-to-equity ratio		-34.66:1		-40.41:1

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. In order to maintain or adjust the capital structure, the Company may pay off its debt, issue new shares or sell assets to reduce debt.
The Company obtains its financial support from its parent company as and when it is needed. In addition, the Company has a planned increase in its authorized capital stock. *(See Note 15)*

Note 19 – RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated with the Board of Directors, and focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, 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 Company's business activities. The Company, 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.

19.1 Liquidity risk

Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Company's inability to meet its obligations when they come due without recurring unacceptable losses or costs.

In the management of liquidity, the Company monitors and maintains a level of cash deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuation in cash flows.

The Company continues to obtain support from FEMI to finance the Company's operations. *(See Note 2.1)*

Contractual maturities 2017		less than 1 year		1-3 years		3-5 years		more than 5 years		Total
Accrued Expenses	P	62,890,360	P	-	P	-	P	-	P	62,890,360
Other payables		386,467,209		-		-		-		386,467,209
Due to a stockholder		-		-		-		807,323,416		807,323,416
Due to related parties		-		-		-		333,468,624		333,468,624
	P	449,357,569	P	-	P	-	P	1,140,792,040	P	1,590,149,608

Contractual maturities 2016		less than 1 year		1-3 years		3-5 years		more than 5 years		Total
Accrued Expenses	P	59,375,284	P	-	P	-	P	-	P	59,375,284
Other payables		378,628,398		-		-		-		378,628,398
Due to a stockholder		-		-		-		818,918,431		818,918,431
Due to related parties		-		-		-		333,468,624		333,468,624
	P	438,003,681	P	-	P	-	P	1,152,387,055	P	1,590,390,736

Note: Financial Liabilities do not include Payable to BIR.

19.2 Credit risk

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the statement of financial position (or in the detailed analysis provided in the notes to the financial statements). Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset's carrying amount.

The Company's other receivables are actively monitored to avoid significant concentrations of credit risk and are all currently demandable. As at reporting date, the Company's Receivables are all current.

2017

		Neither past due nor impaired								
		High grade		**Medium grade**		**Low grade**		**Past due or Individually Impaired**		**Total**
Cash	**P**	**871,601**	**P**	**-**	**P**	**-**	**P**	**-**	**P**	**871,601**
Receivables		**38,644,043**		**-**		**-**		**-**		**38,644,043**
Total	**P**	**39,515,644**		**-**	**P**	**-**	**P**	**-**	**P**	**39,515,644**

2016

		Neither past due nor impaired								
		High grade		Medium grade		Low grade		Past due or Individually Impaired		Total
Cash	P	931,146	P	-	P	-	P	-	P	931,146
Receivables		37,959,604		-		-		-		37,959,604
Total	P	38,890,750		-	P	-	P	-	P	38,890,750

Note 20 – FAIR VALUE MEASUREMENT

20.1 Fair value measurement

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Company takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial assets and liabilities:

	2017				2016			
	Carrying Amount		Fair Value		Carrying Amount		Fair Value	
Cash	P	871,601	P	871,601	P	931,146	P	931,146
Receivables		38,644,043		38,644,043		37,959,604		39,087,529
Available-for-sale securities		1,495,244,843		1,495,244,843		1,507,804,046		1,507,804,046
Total financial assets	P	1,534,760,487	P	1,534,760,487	P	1,546,694,796	P	1,547,822,721
Other current liabilities	P	449,357,569	P	449,357,569	P	438,003,681	P	438,003,681
Due to related parties		1,140,792,040		1,140,792,040		1,152,387,055		1,152,387,055
Total financial liabilities	P	1,590,149,609	P	1,590,149,609	P	1,590,390,736	P	1,590,390,736

The carrying amounts approximate their fair values due to relatively short-term maturity of these financial instruments. Similarly, the historical cost carrying amounts of receivables and payables approximate their fair values.

Fair value hierarchy

The different levels of financial instruments carried at fair value, by valuation method have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
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
Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

As of December 31, 2017 and 2016, the Company's Available-for-sale financial assets amounts to P1,495,244,843 and P 1,507,804,044, respectively.

Note 21 - EVENTS AFTER REPORTING DATE

There were no material events that occurred subsequent to December 31, 2017 that were not reflected in the financial statements for the period.

Note 22 - COMMITMENTS AND CONTINGENCIES

22.1 Agreement with Arch Advisory Limited

The Company has engaged Arch Advisory Limited as its financial supervisor in connection with structuring the terms and conditions of a new financing for the MRT3 rail line that will be offered to potential investors. The monthly retainer fee will be US$15K and reimbursement of all reasonable out-of-pocket expenses receipted to the Company's standards.

In 2017, the Company paid P3,250,000 for the year while in 2016, the Company recognized retainer fee for the year amounting to P5,964,423. *(See Note 12)*

22.2 Others

As of December 31, 2017, there are no pending claims and legal actions against or involving the Company other than those arising from the normal course of business.

Note 23 – NOTES TO STATEMENT OF CASH FLOWS

The most significant cash flow activity from the statement of cash flows is from financing activity:

During the year ended December 31, 2017 the Company paid in cash advances from FEMI amounting P20,228,489 *(see Note 17.1)*.

PRACTITIONER'S COMPILATION REPORT

To the Management of
METRO GLOBAL HOLDINGS CORPORATION
Mezzanine Floor, Renaissance Tower,
Meralco Avenue, Pasig City

We have compiled the accompanying financial statements of **METRO GLOBAL HOLDINGS CORPORATION** based on information you have provided. These financial statements comprise the statement of financial position of **METRO GLOBAL HOLDINGS CORPORATION** as at December 31, 2017, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with Philippine Standard on Related Services 4410 (Revised), *Compilation Engagements*.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with Philippine Financial Reporting Standards (PFRS). We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with PFRS.

KL SIY & ASSOCIATES
BOA Accreditation No. 0668
Effective until December 31, 2018
SEC Accreditation No. 0348-F
Effective until September 6, 2020
TIN No. 215-665-658-000
BIR Accreditation No. 07-001450-002-2017
Effective until November 20, 2020
IC Accreditation No. F-2016-003-R
Effective until January 17, 2020
Bangko Sentral ng Pilipinas (BSP) Accredited
Effective until November 6, 2019

By:
KATHLEEN L. SIY
Managing Partner
CPA Registration No. 45337
BOA Accreditation No. 0668
Effective until December 31, 2018
SEC Accreditation No. 1659-A
Effective until September 6, 2020
BIR Accreditation No. 07-001245-001-2017
Effective until March 24, 2020
IC Accreditation No. SP-2016-009-R
Effective until January 17, 2020
Bangko Sentral ng Pilipinas (BSP) Accredited
Effective until November 6, 2019
TIN No. 303-141-768-000
PTR No. 3865384
Issued on January 6, 2018, Pasig City

April 12, 2018
Pasig City

Valdes Abad & Company
(Formerly: Valdes Abad & Associates)
certified public accountants

CJV Building 108 Aguirre Street, Legaspi Village, Makati City, Philippines

Branches: Cebu and Davao

Phone: (632) 892-5931 to 35
(632) 519-2105
Fax: (632) 819-1468
E-mail: valdes.abad.associates@gmail.com
BOA/PRC Reg. No. 0314
SEC Accreditation No. A-142-F

gmn international
PARTNERING FOR SUCCESS

REPORT OF INDEPENDENT PUBLIC AUDITORS TO ACCOMPANY SEC SCHEDULES FILED SEPARATELY FROM THE BASIC FINANCIAL STATEMENTS

The Board of Directors
METRO GLOBAL HOLDINGS CORPORATION
Mezzanine Floor, Renaissance Tower
Meralco Avenue, Pasig City

We have audited the financial statements of Metro Global Holdings Corporation (the Company) for the year ended December 31, 2017 and 2016, on which we have rendered our report dated April 12, 2018. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary schedules (see table of contents) of the Company as of December 31, 2017 and 2016 and for the year ended, required by the Securities and Exchange Commission, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in such supplementary schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

VALDES ABAD & COMPANY, CPAs
BOA/PRC Reg. No. 0314
Issued on November 2, 2015, Valid until December 31, 2018
SEC Accreditation No. A-142-F, Group A
Issued on September 7, 2017, Valid until April 30, 2018
BIR Accreditation No. 08-002126-000-2017
Issued on December 13, 2017, Valid until December 12, 2020

By:

ALFONSO L. CAY-AN
Partner
CPA Registration No. 99805
Issued on December 28, 2017, Valid until December 14, 2020
TIN No. 213-410-741-000
PTR No. 6617716, Issued Date: January 5, 2018, Makati City
BOA/PRC Reg. No. 0314
Issued on November 2, 2015, Valid until December 31, 2018
SEC Accreditation No. A-782-A
Issued on September 07, 2017, Valid until April 30, 2018
BIR Accreditation No. 08-002126-005-2017
Issued on December 13, 2017, Valid until December 12, 2020

Makati City, Philippines
April 12, 2018

SCHEDULE I

METRO GLOBAL HOLDINGS, CORP.
PFRS STANDARDS AND INTERPRETATIONS APPLIED
SRC RULE 68.1 AS AMENDED (2011)
FOR THE YEAR ENDED DECEMBER 31, 2017

Below are all the standards and interpretation s existing in the Philippines and an indication of whether it is *"Adopted", "Not Adopted", and "Not Applicable".*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		√		
PFRSs Practice Statement Management Commentary			√	
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	*First-time Adoption of Philippine Financial Reporting Standards*			√
	Amendments to PFRS 1 and PAS 27: *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*			√
	Amendments to PFRS 1: *Additional Exemptions for First-time Adopters*			√
	Amendment to PFRS 1: *Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters*			√
	Amendments to PFRS 1: *Severe Hyperinflation and Removal of Fixed Date for First-time Adopters*			√
	Amendments to PFRS 1: *Government Loans*			√
	Amendments to PFRS 1: *Borrowing Costs*			√
PFRS 2	Share-based Payment			√
	Amendments to PFRS 2: *Vesting Conditions and Cancellations*			√
	Amendments to PFRS 2: *Group Cash-settled Share-based Payment Transactions*			√
	Amendments to PFRS 2: Definition of Vesting Condition			√
PFRS 3 (Revised)	Business Combinations			√
	Amendments to PFRS 3: *Measurement of non-controlling interests, replaced share-based payment awards, transitional arrangements for contingent consideration*			√
	Amendments to PFRS 3: *Accounting for contingent consideration in a business combination*			√
	Amendments to PFRS 3: *Scope of exception for joint ventures*			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 4	Insurance Contracts			√
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			√
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			√
	Amendments to PFRS 5: Sale of a controlling interest in the subsidiary			√
	Amendments to PFRS 5: *Consequential amendments from IFRIC 17 Distributions of Non-cash Assets to Owners (assets held for distribution to owners)*			√
	Amendments to PFRS 5: Disclosure requirements in other standards			√
	Amendments to PFRS 5: *Changes in methods of disposal**			√
PFRS 6	Exploration for and Evaluation of Mineral Resources			√
PFRS 7	Financial Instruments: Disclosures	√		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	√		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	√		
	Amendments by Improvements to PFRS: Clarification of disclosures	√		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			√
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	√		
	Amendments to PFRS 7 and PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*		√	
	Amendments to PAS 39, PFRS 9 and PFRS 7 : Introduction of the Hedge Accounting chapter in PFRS 9*		√	
	Amendments to PFRS 7: Servicing Contracts and applicability of the amendments to Condensed Interim Financial Statements*			√
PFRS 8	Operating Segments			√
	Amendments to PFRS 8: Disclosure of information about Segment Assets			√
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliations of Assets			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 9	Financial Instruments: Complete and Final Version*	√		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	√		
PFRS 10	Consolidated Financial Statements			√
	Amendments to PFRS 10, : *Transition Guidance*			√
	Amendments to PFRS 10 : *Investment Entities*			√
	Amendments to PFRS 10 : *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**			√
	Amendments to PFRS 10: *Regarding the application of the consolidation exception**			√
PFRS 11	Joint Arrangements			√
	Amendments to PFRS 11 : *Transition Guidance*			√
	Amendments to PFRS 11: *Accounting for Acquisitions of Interests in Joint Operations**			√
PFRS 12	Disclosure of Interests in Other Entities	√		
	Amendments to PFRS 12 : *Transition Guidance*			√
	Amendments to PFRS 12 : *Investment Entities*			√
	Amendments to PFRS 10: *Regarding the application of the consolidation exception**			√
PFRS 13	Fair Value Measurement	√		
	Amendment to PFRS 13: Short-term Receivables and Payables*	√		
	Amendments to PFRS 13: *Scope of Portfolio Exception*			√
PFRS 14	Regulatory Deferral Accounts*			√
PFRS 15	Revenue from Contracts with Customers*			√
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	√		
	Amendments to PAS 1: *Puttable Financial Instruments and Obligations Arising on Liquidation*			√
	Amendments to PAS 1: *Current/Non-current Classification of Derivatives*			√
	Amendments to PAS 1: *Current/Non-current Classification of Convertible Instruments*			√
	Amendments to PAS 1: *Clarification of Statement of Changes in Equity*			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 1: *Presentation of Items of Other Comprehensive Income*	√		
	Amendments to PAS 1: *Clarification of the requirements for comparative information*	√		
	Amended by Disclosure Initiative*	√		
PAS 2	Inventories			√
PAS 7	Statement of Cash Flows	√		
	Amendments to PAS 7: *Expenditures that do not result in a recognised asset.*	√		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	√		
PAS 10	Events after the Reporting Period	√		
PAS 11	Construction Contracts			√
PAS 12	Income Taxes	√		
	Amendment to PAS 12: *Deferred Tax: Recovery of Underlying Assets*	√		
PAS 16	Property, Plant and Equipment			√
	Amendment to PAS 16 – *Classification of Service Equipment*			√
	Amendment to PAS 16: *Revaluation method - proportionate restatement of accumulated depreciation*			√
	Amendments to PAS 16 : *Clarification of Acceptable Methods of Depreciation and Amortisation**			√
	Amendments to PAS 16 : *Agriculture- Bearer Plants**			√
PAS 17 (Revised 2003)	Leases			√
PAS 18	Revenue	√		
PAS 19 (Amended 2011)	Employee Benefits	√		
	Amendments to PAS 19: *Employee Benefits - Defined Benefit Plans: Employee Contributions*	√		
	Amendments to PAS 19: *Discount rate- Regional Market Issue**			√
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			√
PAS 21	The Effects of Changes in Foreign Exchange Rates	√		
	Amendment: Net Investment in a Foreign Operation			√
PAS 23 (Revised)	Borrowing Costs			√
PAS 24 (Revised)	Related Party Disclosures	√		
	Amendments to PAS 24: *Key Management Personnel*	√		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 26	Accounting and Reporting by Retirement Benefit Plans			√
PAS 27 (Amended 2011)	Separate Financial Statements			√
	Amendments to PFRS 10, PFRS 12 and PAS 27 : *Investment Entities*			√
	Amendments to PAS 27 : *Equity Method in Separate Financial Statements**			√
PAS 28 (Amended)	Investments in Associates and Joint Ventures	√		
	Amendments to PAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**			√
	*Amendments to PFRS 10: Regarding the application of the consolidation exception **			√
PAS 29	Financial Reporting in Hyperinflationary Economies			√
PAS 31	Interests in Joint Ventures			√
PAS 32	Financial Instruments: *Disclosure and Presentation*	√		
	Amendments to PAS 32 : *Puttable Financial Instruments and Obligations Arising on Liquidation*			√
	Amendment to PAS 32: *Classification of Rights Issues*			√
	Amendment to PAS 32: Tax Effects of Distribution to Holders of Equity Instruments	√		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities		√	
PAS 33	Earnings per Share	√		
PAS 34	Interim Financial Reporting	√		
	Amendment to PAS 34: *Significant Transactions and Events*	√		
	Amendment to PAS 34: *Interim Financial Reporting and Segment Information for Total Assets and Liabilities*	√		
	Amendment to PAS 34: *Disclosure of information 'elsewhere in the interim financial report'**	√		
PAS 36	Impairment of Assets	√		
	Amendment to PAS 36: *Disclosure of estimates used to determine a recoverable amount*	√		
	Amendment to PAS 34: *Units of accounting for goodwill impairment testing using segments under PFRS 8 before aggregation*			√
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	√		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	√		
PAS 38	Intangible Assets			√
	Amendments to PAS 38: *Advertising and promotional activities, units of production method of amortisation*			√
	Amendments to PAS 38: *Measurement of intangible assets in business combinations*			√
	Amendments to PAS 38: *Proportionate restatement of accumulated depreciation under the revaluation method*			√
	Amendments to PAS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation**			√
PAS 39	Financial Instruments: *Recognition and Measurement*	√		
	Amendments to PAS 39: *Transition and Initial Recognition of Financial Assets and Financial Liabilities*	√		
	Amendments to PAS 39: *Cash Flow Hedge Accounting of Forecast Intragroup Transactions*			√
	Amendments to PAS 39: *The Fair Value Option*	√		
	Amendments to PAS 39 and PFRS 4: *Financial Guarantee Contracts*			√
	Amendments to PAS 39 and PFRS 7: *Reclassification of Financial Assets*	√		
	Amendments to PAS 39 and PFRS 7: *Reclassification of Financial Assets – Effective Date and Transition*	√		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: *Embedded Derivatives*			√
	Amendment to PAS 39: *Eligible Hedged Items*			√
	Amendment to PAS 39: *Novation of Derivatives and Continuation of Hedge Accounting*			√
PAS 40	Investment Property			√
	Amendment to PAS 40: *Property under construction or development for future use as investment property*			√
	Amendment to PAS 40: *Interrelationship of PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property*			√
PAS 41	Agriculture			√
	Amendment to PAS 41: Discount rate for fair value calculations and Additional biological transformation			√
	Amendments to PAS 16 and PAS 41: *Agriculture-Bearer Plants**			√

Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			√
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			√
IFRIC 4	Determining Whether an Arrangement Contains a Lease			√
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			√
IFRIC 6	Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment			√
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			√
IFRIC 8	*Scope of PFRS 2*			√
IFRIC 9	Reassessment of Embedded Derivatives			√
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			√
	Amendments to Philippine Interpretation IFRIC 9 and Revised IFRS 3: Scope of IFRIC 9 and revised IFRS 3			√
IFRIC 10	Interim Financial Reporting and Impairment			√
IFRIC 11	PFRS 2 – Group and Treasury Share Transactions			√
IFRIC 12	Service Concession Arrangements			√
IFRIC 13	Customer Loyalty Programmes *(Will be superseded by IFRS 15 as of 1 January 2018)*			√
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			√
	Amendments to Philippine Interpretations IFRIC-14: *Prepayments of a Minimum Funding Requirement*			√
IFRIC 15	Agreements for the Construction of Real Estate *(Will be superseded by IFRS 15 as of 1 January 2018)*			√
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			√
	Amendments to Philippine Interpretations IFRIC-16: *Entity that can hold hedging instruments*			√
IFRIC 17	Distributions of Non-cash Assets to Owners *(Will be superseded by IFRS 15 as of 1 January 2018)*			√
IFRIC 18	Transfers of Assets from Customers			√
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			√
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			√
IFRIC 21	Levies			√

SIC-7	Introduction of the Euro			√
SIC-10	Government Assistance - No Specific Relation to Operating Activities			√
SIC-15	Operating Leases - Incentives *(Will be superseded by IFRS 16 as of 1 January 2019)*			√
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			√
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease *(Will be superseded by IFRS 16 as of 1 January 2019)*			√
SIC-29	Service Concession Arrangements: Disclosures.			√
SIC-31	Revenue – Barter Transactions Involving Advertising Services *(Will be superseded by IFRS 15 as of 1 January 2018)*			√
SIC-32	Intangible Assets - Web Site Costs			√

** Not early adopted*

SCHEDULE II

RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2017
METRO GLOBAL HOLDINGS CORPORATION
Mezzanine Floor, Renaissance Tower
Meralco Avenue, Pasig City

The Company has no unrestricted retained earnings and has continuously recognized deficit.

SCHEDULE III

METRO GLOBAL HOLDINGS CORP.
FINANCIAL SOUNDNESS INDICATORS
SRC RULE 68.1, AS AMENDED (2011)
FOR THE YEAR ENDED DECEMBER 31, 2017

Financial Soundness Indicators are used to monitor the soundness of a financial system and assess systemic risk. It responds to the need for better tools to assess the strengths and vulnerabilities of the financial system.

Below is the schedule showing financial soundness indicators for the years ended December 31, 2017:

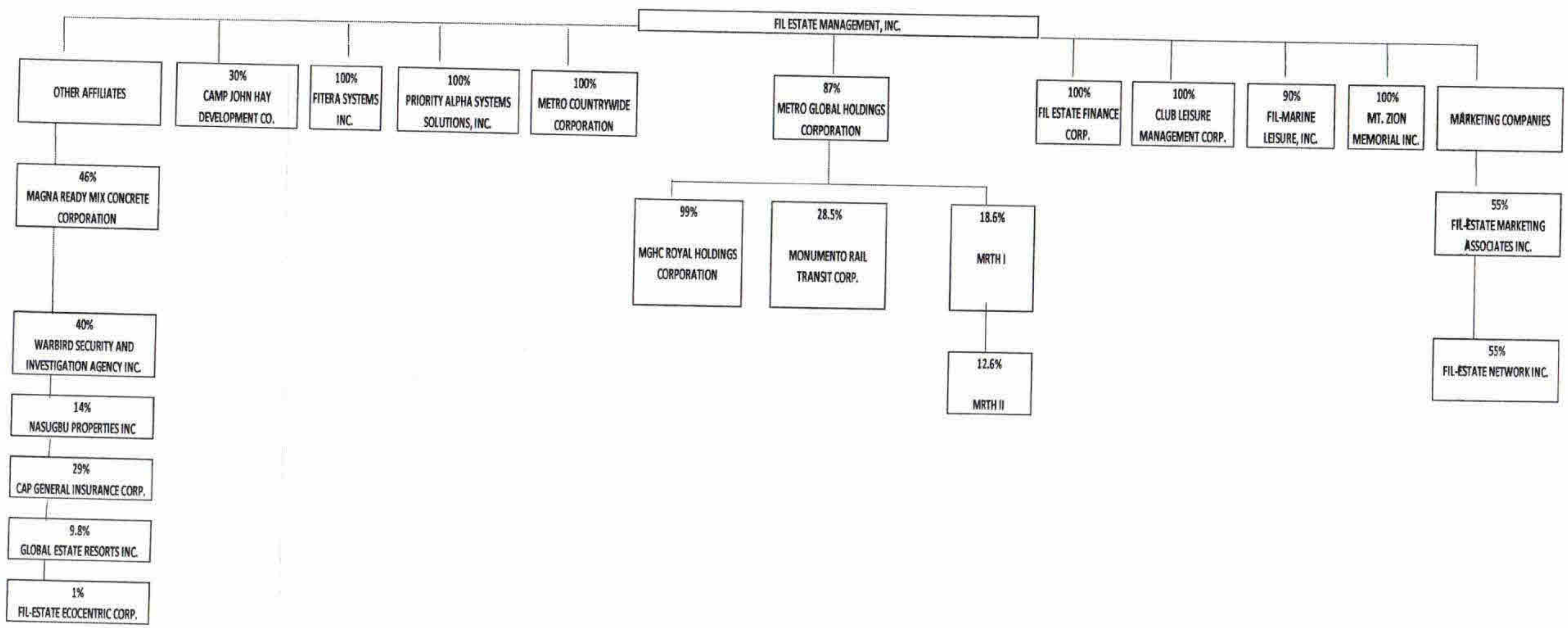
	2017	2016
Current/Liquidity Ratio	**0.09:1**	0.09:1
Current Assets	**40,993,848**	40,469,757
Current Liabilities	**449,882,513**	441,388,559
Liquidity Ratio	**0.09:1**	0.09:1
Liquid Asset	**39,515,644**	38,890,750
Current Liabilities	**449,882,513**	441,388,559
Working Capital to Total Asset	**-0.26:1**	-0.26:1
Working Capital	**(408,888,665)**	(400,918,802)
Total Asset	**1,544,774,597**	1,554,331,040
Solvency Ratio	**0:1**	0:1
Net Profit(Loss) before depreci	**(5,491,197)**	(2,536,274)
Total Liabilities	**1,590,674,553**	1,593,775,614
Debt-to-Equity Ratio	**-34.66:1**	-40.41:1
Total Liabilities	**1,590,674,553**	1,593,775,614
Total Equity	**(45,899,956)**	(39,444,574)
Asset-to-Equity Ratio	**-33.66:1**	-39.41:1
Total Assets	**1,544,774,597**	1,554,331,040
Total Equity	**(45,899,956)**	(39,444,574)
<u>Profitability Ratio</u>		
Profitability Ratio	**0.12:1**	0.06:1
Net Income/Loss	**(5,491,197)**	(2,536,274)
Total Equity	**(45,899,956)**	(39,444,574)
Return on Asset (ROA)	**0:1**	0:1
Net Income/Loss	**(5,491,197)**	(2,536,274)
Average Asset	**1,549,552,819**	1,557,226,665
Return on Equity (ROE)	**0.13:1**	0.07:1
Net Income/Loss	**(5,491,197)**	(2,536,274)
Average Equity	**(42,672,265)**	(38,513,104)

The key indicators were chosen to provide management with a measure of the Company's financial Strength *(Current Ratio, Solvency Ratio, and Debt to Equity)* and the Company's ability to maximize the value of its investment in the Company *(Profitability Ratio)*. Likewise, the ratios are used to compare the Company's performance with similar companies.

SCHEDULE IV

METRO GLOBAL HOLDINGS CORPORATION
RELATIONSHIPS BETWEEN AND AMONG THE COMPANY AND ITS ULTIMATE PARENT, MIDDLE PARENT, SUBSIDIARIES OR CO-SUBSIDIARIES AND ASSOCIATES

As of December 31, 2017



METRO GLOBAL HOLDINGS CORPORATION
SUPPLEMENTARY SCHEDULES REQUIRED BY SRC RULE 68 (ANNEX 68 – E)
As of December 31, 2017

Schedule A Financial Assets

The Company's Financial Assets as of December 31, 2017 are as follows:

Cash	P	**871,601**
Receivables		**38,644,043**
Available-for-sale financial assets		**1,495,244,843**
	P	**1,534,760,487**

Schedule B Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Shareholders (Other than Related Parties)

	Relationship		Beginning Balance		**Ending Balance**
MRTHII	Affiliate	P	2,779,228	P	**2,779,228**
Monumento Rail	Affiliate		6,216,406		**6,216,406**
MGHC Royal Holdings Corp.	Affiliate		-		**45,191**
		P	8,995,634	P	**9,040,825**

Schedule C Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

Note applicable. The Company does not prepare consolidated financial statements. *(Note 3.2)*

Schedule D Intangible Assets – Other Assets

Not applicable. The Company does not have any intangible asset.

Schedule E Long-term Debt

Not applicable.

Schedule F Indebtedness to Related Parties

	Relationship		Beginning Balance		**Ending Balance**
Fil-Estate	Stockholder	P	818,918,431	P	**807,323,416**
MRTHI	Affiliate		213,740,407		**213,740,407**
MRTHII	Affiliate		119,728,217		**119,728,217**
		P	1,152,387,055	P	**1,140,792,040**

Schedule G Guarantees of Securities of Other Issuers

Not applicable.

Schedule H Capital Stock

Title of Issue	Number of Shares Authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversionand other rights	Number of sharesheld by related parties	Number of shares held by Directors, officers and employees	Number of shares held by others
Common shares	2,000,000,000	1,995,389,897	-	1,759,750,196	3,410,014	232,229,687

COVER SHEET

9142

S.E.C. Registration Number

METRO GLOBAL HOLDINGS

CORPORATION

(Company's Full Name)

MEZZANINE FLOOR RENAISSANCE

TOWER MERALCO AVENUE

PASIG CITY

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

RAMON G. JIMENEZ	(02) 633 - 6205
Contact Person	Company Telephone Number

1 2	3 1	SEC FORM 17Q (3rd QUARTER 2018)	0 9	3 0
Month	Day	FORM TYPE	Month	Day
2018				
calendar year		Regitered/Listed		
		Secondary License Type, If Appplicable		

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Amount of Borrowings

Domestic

Foreign

****

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning

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 **September 30, 2018**

2. Commission identification number **9142** 3. BIR Tax Identification No **000-194-408-000**

4. Exact name of issuer as specified in its charter **METRO GLOBAL HOLDINGS CORPORATION**

Philippines
5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

Mezzanine Floor Renaissance Tower,
Meralco Avenue, Pasig City 1604
7. Address of registrant's principal office Postal Code

8. **(02)633-6248**
Issuer's telephone number, including area code

9. **Not applicable**
Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 n 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common stock - P 1 par value	**2,000,000,000 shares**

11. Are any or all of the securities listed on the Philippine Stock Exchange?
Yes [X] No [ ]
If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine and Makati 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 SRC and SRC Rule 17 thereunder or Section 11of the RSA and SRA Rule 11(1a)-1 thereunder and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period the registrant was required to file such reports)
Yes [X] No [ ]

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

Yes [ ] No [X]

METRO GLOBAL HOLDINGS CORPORATION
BALANCE SHEETS
SEPTEMBER 30, 2018
(With Comparative Figures as of Calendar Year Ended December 31, 2017)

ASSETS

		September 30, 2018		December 31, 2017
Current Asset				
Cash on hand and in banks	₱	564,603	₱	871,601
Receivables		11,828,358		38,644,043
Other current assets		923,819		1,478,204
Total current assets		13,316,780		40,993,848
Noncurrent Assets				
Available-for-sale financial assets		1,495,172,907		1,495,244,843
Investment in associates		8,535,906		8,535,906
Total non-current assets		1,503,708,813		1,503,780,749
TOTAL ASSETS	₱	1,517,025,593	₱	1,544,774,597

LIABILITIES AND CAPITAL DEFICIENCY

		September 30, 2018		December 31, 2017
Current Liabilities				
Income Tax Payable	₱		₱	3,422,273
Accrued expenses and other current liabilities		440,183,853		446,460,240
		440,183,853		449,882,513
Noncurrent Liabilities				
Due to a stockholder		799,819,663		807,323,416
Due to other related parties		333,468,624		333,468,624
		1,133,288,287		1,140,792,040
		1,573,472,140		1,590,674,553
Capital Deficiency				
Capital Stock		1,998,553,181		1,998,553,181
Additional paid-in capital		589,120,803		589,120,804
Cumulative Market Adjustment		1,815,286		1,887,222
Deficit		(2,645,935,818)		(2,635,461,163)
Net Capital Deficiency		(56,446,547)		(45,899,956)
	₱	1,517,025,593	₱	1,544,774,597

METRO GLOBAL HOLDINGS CORPORATION
AGING OF RECEIVABLES
FOR THE QUARTER ENDED SEPTEMBER 30, 2018

RECEIVABLES FROM	Less than 1 Year	1-3 years	3-5 years	more than 5 years	Total
MRTH II	-	1,990,490	-	-	**1,990,490**
MONUMENTO RAIL	123	5,875,026			**5,875,149**
MRTH I	-	1,130,118			**1,130,118**
METRO SOLAR	2,500,000				**2,500,000**
MGHC ROYAL HOLDINGS INC.	77,855				**77,855**
MCC	149,746				**149,746**
EMPLOYEES	15,000	-	-	-	**15,000**
OTHERS	90,000	-	-	-	**90,000**
TOTAL	**2,832,725**	**8,995,634**	**-**	**-**	**11,828,358**

METRO GLOBAL HOLDINGS CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

		For the Nine Months Ended September		
		2018		**2017**
Interest Income	₱	**2,174**	₱	2,548
Other Income				419,384
Expenses				
Realized Forex Gain/Loss		**-**		1,966
General & Administrative Expense		**(10,476,828)**		(7,026,467)
INCOME BEFORE TAX		**(10,474,654)**		(6,602,569)
Net Loss for the year		**(10,474,654)**		**(6,602,569)**
OTHER COMPREHENSIVE INCOME				
Change in fair value of Available-for-sale Financial Assets		**1,815,286**		2,851,408
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	₱	**(8,659,368)**	₱	**(3,751,161)**
		(0.00524)		(0.00330)

METRO GLOBAL HOLDINGS CORPORATION
STATEMENTS OF INCOME & DEFICIT
FOR THE QUARTER ENDED SEPTEMBER 30, 2018
(With Comparative Figures for the Nine Months Ended September 30 and July to September 2018 & 2017)

	January to September		July to September	
	2018	2017	2018	2017
Interest Income	**2,174**	**2,548**	**198**	**170**
Other Income		**419,384**		**419,384**
EXPENSES				
General & Administrative expenses	**(10,476,828)**	**(7,026,467)**	**(1,221,283)**	**(2,167,777)**
Realized Forex Gain/Loss	**-**	**1,966**		**1,966**
NET LOSS	**(10,474,654)**	(6,602,569)	**(1,221,086)**	(1,746,258)
DEFICIT AT BEGINNING OF THE QUARTER	**(2,635,461,163)**	(2,629,969,966)	**(2,637,624,936)**	(2,634,826,277)
DEFICIT AT END OF THE MONTH	**(2,645,935,818)**	(2,636,572,535)	**(2,638,846,023)**	(2,636,572,535)

****Note: LOSS PER SHARE**
The computation of loss per share is as follows:

	January to September		July to September	
	2018	2017	2018	2017
(a) Net Income/loss	**(10,474,654)**	(6,602,569)	**(1,221,086)**	(1,746,258)
(b) Weighted average number of shares outstanding	**1,998,553,181**	1,998,553,181	**1,998,553,181**	1,998,553,181
	(0.00524)	(0.00330)	**(0.00061)**	(0.00087)

METRO GLOBAL HOLDINGS CORPORATION
TRAILING 12MONTHS
FOR THE QUARTER ENDED SEPTEMBER 30, 2018

Year to Date September 2018 Net Loss	(10,474,654)
Year to Date December 2017 Net Loss	(5,491,197)
Year to Date September 2017 Net Loss	(6,602,569)
Trailing 12 mos Net Income	(9,363,282)
Weighted Average Number of Shares Outstanding	1,998,553,181
Trailing 12mos Earnings/(Loss) per Share (Basic)	(0.0047)

METRO GLOBAL HOLDINGS CORPORATION
STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY

	For the nine months ended September 30	
	2018	2017
CAPITAL STOCK P 1 par value	1,998,553,181	1,998,553,181
ADDITIONAL PAID IN CAPITAL	589,120,803	589,120,803
CUMULATIVE CHANGES IN FAIR VALUE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS		
Balance at beginning of the year	1,887,222	2,851,408
Other Comprehensive Income	(71,936)	(3,209,555)
Balance at end of the year	1,815,286	(358,147)
DEFICIT		
Balance beginning of the Year	(2,635,461,163)	(2,629,969,966)
Net Loss	(10,474,654)	(6,602,566)
Balance at end of year	(2,645,935,818)	(2,636,572,532)
	(56,446,547)	(49,256,694)

METRO GLOBAL HOLDINGS CORPORATION
STATEMENT OF CASH FLOWS

		Nine Months Ended September 30		
		2018		**2017**
CASH FLOW FROM OPERATING ACTIVITIES				
Net Loss before income tax	₱	**(10,474,654)**	₱	(6,602,566)
Adjustment for:				
Increase (decrease) in Accrued expenses and other current liabilities		**(6,276,387)**		(3,822,680)
Increase (decrease) in Income Tax Payable		**(3,422,273)**		(111,307.00)
Net cash used for operating activities		**(20,173,314)**		(10,536,553)
CASH FLOW FROM INVESTING ACTIVITIES				
(Increase)Decrease in Investment		**-**		(2,499,500)
(Increase)Decrease in Other Assets		**554,385**		264,499
(Increase)Decrease in Receivables		**26,815,685**		28,075,734
Net cash used in investing activities		**27,370,069**		25,840,733
CASH FLOW FROM FINANCING ACTIVITIES				
Increase(Decrease) in Due to stockholder		**(7,503,753)**		(16,083,276)
Net cash used in financing activities		**-7,503,753**		-16,083,276
Net Increase/Decrease in Cash		**(306,998)**		(779,096)
CASH BEGINNING OF THE YEAR		**871,601**		931,146
End of Period	₱	**564,603**	₱	152,051

METRO GLOBAL HOLDINGS CORPORATION

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation

The financial statements have been prepared on a historical cost basis, except for the quoted equity securities included under available-for-sale (AFS) financial assets, which are carried at fair value. The financial statements are presented in Philippine peso, which is the Company's functional and presentation currency. All values are rounded off to nearest Peso, except when otherwise indicated.

Statement of Compliance

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the following new, amended and improvements to PFRS, PAS and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) which the Company adopted during the year:

- Investment Entities (Amendments to PFRS 10, Consolidated Financial Statements, PFRS 12, Disclosure of Interests in Other Entities, and PAS 27, Separate Financial Statements)
- PAS 32, Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amendments)
- PAS 36, Impairment ofAssets - Recoverable Amount Disclosures for Non-Fincmcial Assets (Amendments)
- PAS 39, Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendments)
- Philippine Interpretation IFRIC 21, *Levies*
- Annual improvements to PFRSs 2010 - 2012 Cycle (PFRS 13, *Fair Value Measurement)*
- Annual improvements to PFRSs 2011 - 2013 Cycle (PFRS 1, *First-time Adoption of PFRS)*

The adoption of the new, amended and improvements to standards and interpretations did not have significant impact on the financial statements of the Company.

Future Changes in Accounting Policies

The Company did not early adopt the following new standards, amendments and improvements to PFRS and Philippine Interpretations that have been approved but are not yet effective. The Company does not expect these changes to have a significant impact on its financial statements unless otherwise indicated.

Standards issued but not yet effective

- PFRS 9, *Financial Instruments - Classification and Measurement (2010 version)* - PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. The mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA).

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*, this interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

Effective January 1, 2015

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions (Amendments),* PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015.

- Annual Improvements to PFRSs (2010 - 2012 cycle)

  - PFRS 2, *Share-based Payment - Definition of Vesting Condition*, this improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

    a. A performance condition must contain a service condition.
    b. A performance target must be met while the counterparty is rendering service.
    c. A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group.
    d. A performance condition may be a market or non-market condition.
    e. If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*, the amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, (or PFRS 9, if early adopted).

- PFRS 8, Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments ' Assets to the Entity's Assets, the amendments are applied retrospectively and clarify that:

  a. An entity must disclose judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are "similar".
  b. The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- PAS 16, *Property, Plant and Equipment, and PAS 38, Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization,* the amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

- PAS 24, *Related Party Disclosures - Key Management Personnel*, the amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

- Annual Improvements to PFRSs (2011 - 2013 cycle)

  - PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements,* the amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:

    a. Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
    b. This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

  - PFRS 13, *Fair Value Measurement - Portfolio Exception,* the amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39 (or PFRS 9, as applicable).

  - PAS 40, *Investment Property*, the amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner- occupied property (i.e., property, plant and equipment).

Effective January 1, 2016

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments),* the amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- PAS 16, *Property, Plant and Equipment, and PAS 41, Agriculture - Bearer Plants (Amendments),* the amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, Accounting for Government Grants and Disclosure of Government Assistance, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements (Amendments),* the amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- PFRS 10, *Consolidated Financial Statements and PAS 28, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, these amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after January 1, 2016.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (Amendments),* the amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- PFRS 14, *Regulatory Deferral Accounts*, PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016.

- Annual Improvements to PFRSs (2012 - 2014 cycle)

  - PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*, the amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

  - PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*, PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

  - PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*, this amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

  - PAS 19, *Employee Benefits - Regional market issue regarding discount rate*, this amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

  - PAS 34, *Interim Financial Reporting- Disclosure of information 'elsewhere in the interim financial report'*, the amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

- Effective January 1, 2018

- PFRS 9, *Financial Instruments - Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version),* PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non- financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

- PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA.

- PFRS 9, *Financial Instruments (2014 or final version),* in July 2014, the final version of PFRS 9, Financial Instruments, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, Financial Instruments: Recognition and Measurement, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

- IFRS 15, *Revenue from Contracts with Customers*, IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

The significant accounting policies adopted in the preparation of the financial statements are set out below:

Financial Assets and Financial Liabilities

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial Recognition. Financial assets and financial liabilities are recognized initially at fair value. Directly attributable transaction costs are included in the initial measurement of all financial assets and financial liabilities, except for financial assets and financial liabilities measured at FVPL. The subsequent measurement of financial assets and financial liabilities depends on their classification.

Determination of Fair Value and Fair Value Hierarchy. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or

liabilities;

Level 2: Valuation techniques for which the lowest level input that is significant to

the fair value measurement is directly or indirectly observable;

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For financial assets and financial liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value hierarchy and measurement disclosures are presented in Note 12.

Offsetting. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to either settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented at gross amount in the statement of financial position.

"Day 1" Difference. When the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where data used is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or, when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference amount.

Financial Assets

Financial assets are classified as financial assets at FVPL, loans and receivables, held-to-maturity investments (HTM), AFS financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each reporting date.

The Company has no financial assets designated at FVPL, HTM investments and derivatives designated as hedging instruments as at September 30, 2018 and December 31, 2017.

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets nor financial assets at FVPL. After initial measurement, loans and receivables are subsequently measured at amortized cost less any allowance on impairment. Amortization is determined using the EIR method. Amortized cost is calculated taking into account any discount or premium on acquisition and include fees that are integral part of the EIR and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired as well as through the amortization process. Loans and receivables are included in current assets if maturity is within twelve months from the reporting date. Otherwise, these are classified as noncurrent assets.

Classified under this category are the Company's cash in banks as at September 30, 2018, 2018 and December 31, 2017.

AFS Financial Assets. AFS financial assets are non-derivative financial assets that are designated as such or do not qualify to be classified in any of the other preceding categories. AFS financial assets include equity and debt securities. Equity investments classified as AFS are those, either designated in this category or not classified in any of the other categories. After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses recognized as separate component of other comprehensive income in the cumulative change in fair value of AFS financial assets until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income, or determined to be impaired, at which time the cumulative loss is recognized in profit or loss in finance costs and removed from the cumulative change in fair value of AFS financial assets.

The Company evaluated its AFS financial assets whether the ability and intention to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intent significantly changes to do so in the foreseeable future, the Company may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and has the intent and ability to hold these assets for the foreseeable future or maturity. The reclassification to HTM is permitted only when the entity has the ability and intent to hold until the financial asset matures accordingly.

For a financial asset reclassified out of the AFS category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR method. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR method. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

As at September 30, 2018, 2018 and December 31, 2017, AFS financial assets consist of the Company's investments in quoted equity securities currently traded in the PSE and unquoted equity securities like investments in shares of stock of MRTHI and MRTHII.

Financial Liabilities

Financial liabilities are classified as financial liabilities at FVPL, other financial liabilities or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification at initial recognition and re-evaluates this designation at every reporting date.

The Company has not designated any financial liabilities at FVPL and derivatives designated as hedging instruments as at September 30, 2018 and December 31, 2017.

Other financial liabilities pertain to financial liabilities that are not held for trading or not designated at FVPL upon the inception of the liability.

This category includes accrued expenses and other current liabilities (excluding deposits received in consideration from the Cooperation Agreement) and due to a stockholder (excluding settlement in equity shares) as at September 30, 2018 and December 31, 2017.

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

Impairment of Financial Assets

The Company assesses at each financial reporting date whether a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

Financial Assets Carried at Cost. If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

AFS Financial Assets. In the case of equity investments classified as AFS financial assets, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss) is removed from equity and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized as other comprehensive income.

<u>Derecognition of Financial Assets and Financial Liabilities</u>

Financial Assets. A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The Company's rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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

Investment in an Associate

The Company carries its investment in Monumento Rail, where the Company has the ability to exercise significant influence since the date of acquisition, under the equity method of accounting. Under the equity method, the investment is carried in the statement of financial position at cost plus post-acquisition changes in the Company's share in net assets of the associate, less any impairment in value. The statement of comprehensive income reflects the Company's share of the financial performance of the associate. Where there has been a change recognized directly in equity of the associate, the Company recognizes its share of any changes and discloses this, when applicable, in the statement of changes in capital deficiency.

The share of profit of associates is shown in the statement of comprehensive income. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non- controlling interests in the subsidiaries of the associate.

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal are recognized in profit or loss.

Impairment of Investment in an Associate

In assessing impairment of investment in an associate, the Company determines, after application of the equity method, whether it is necessary to recognize an additional impairment loss. The Company determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Company calculates the amount of impairment as being the difference between the fair value of the associate and the acquisition cost and recognizes the amount in profit or loss. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment loss may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income.

Provisions

Provisions are recognized when the Company 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. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, 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 an interest expense.

Equity

Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. Proceeds and/or fair value of consideration received in excess of par value are recognized as additional paid-in capital. Subscriptions receivable becomes due and demandable upon approval of the capital call by the Company's BOD.

Deficit represents the accumulated losses incurred by the Company.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is recognized as the interest accrues, taking into account the effective interest on the asset using the EIR method.

Costs and Expenses

Costs and 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 decrease in equity, other than those relating to distributions to stockholders. Costs and expenses are recognized in the statement of comprehensive income in the year these are incurred.

Borrowing Costs

Borrowing costs are generally expensed as incurred.

Foreign Currency-denominated Transactions and Translations

Transactions denominated in foreign currency are recorded in Philippine Peso by applying to the foreign currency amount the exchange rate between the Philippine Peso and the foreign currency at the date of transaction. Monetary assets and monetary liabilities denominated in foreign currencies are restated using the closing exchange rate at the reporting date. All differences are recognized in the statement of comprehensive income.

Income Taxes

Current Tax. Current tax assets and current tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and net operating loss carryover (NOLCO) to the extent that it is probable that taxable income will be available against which the deductible temporary differences NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. 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 asset to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Loss Per Share

Loss per share is computed by dividing the net loss for the year by the weighted average number of shares outstanding during the year, with retroactive adjustments for stock dividends declared, if any.

Business Segments

The Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products.

Segment Assets and Liabilities. Segment assets include all operating assets used by a segment and consist principally of operating cash. Segment liabilities include all operating liabilities and consist principally of accrued expenses and other current liabilities. Segment assets and liabilities do not include AFS financial assets and borrowings, respectively.

Inter-segment Transactions. Segment revenue, segment expenses and segment performance include transfers among business segments. The transfers, if any, are accounted for at competitive market prices charged to unaffiliated customers for similar products.

Contingencies

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

Events after the Reporting Period

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

2. Significant Accounting Judgment and Estimate

The Company's financial statements prepared under PFRS require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Future events may occur which will cause the judgment and assumptions used in arriving at the estimates to change. The effects of any change in judgment and estimates are reflected in the financial statements as they become reasonably determinable.

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.

Judgments

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

Determination of Functional Currency. Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine Peso. The functional currency is the currency of the primary economic environment in which the Company operates.

Determination of Fair Value of Financial Assets and Financial Liabilities. Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility.

The fair value of financial assets amounted to ₱1,507.5 million as at September 30, 2018, 2018 and ₱1,534.7 million December 31, 2017. The fair value of financial liabilities amounted ₱90.2 million as at September 30, 2018, 2018 and ₱96.4 million December 31, 2017.

Determination of Fair Value of Financial Assets not Quoted in an Active Market. The Company determines whether a reliable measure of fair value is available for equity investments not quoted in an active market. If a reliable measure is not available or ceases to be available, the unquoted equity investments are measured at cost.

The fair values of the Company's investments in MRTHI and MRTH II cannot be reasonably determined as the shares are unquoted nor are there any expected future cash flows in view of the sale of future distributions and that the investments, pursuant to the "Letter of Agreement", will be used to settle the Company's liability to FEMI.

Determination of Impairment of AFS Financial Assets. The Company treats quoted AFS financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. The Company treats "significant decline" when the difference between its cost and fair value is 20.0% or more and "prolonged decline" when the fair value of quoted equity securities is lower than its cost for more than twelve months. In making this judgment, the Company evaluates, among other factors, the normal volatility in share price for quoted equities.

There was no impairment for quoted equity securities as of September 30, 2018 and December 31, 2017. The carrying value of quoted equity securities amounted to ₱4.4 million and ₱4.5 million as at September 30, 2018, and December 31, 2017.

In the case of unquoted shares, AFS financial assets are considered impaired when management believes that future cash flows generated from the investment is expected to decline significantly. The Company's management makes significant estimates and assumptions on the future cash flows expected and the appropriate discount rate to determine ^impairment exists. Impairment may also be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance.

The amount due from MRTHI and MRTHII amounting to P333.5 million represents advances received by the Company prior to the sale of future distribution which shall be applied against future dividends to be declared. MRTC declared dividends in 2014 but MRTHI and MRTHII have yet to declare dividends. Prior to sale of future distributions, the Company accounted its investments in MRTHI and MRTH II under the equity method and therefore the carrying value of the investments in MRTHI and MRTH II includes the Company's share in earnings of the MRT companies. As such, once dividends are declared, the amounts due to related parties will just be closed and offset against the balance of investments. After the sale of future distributions, the Company accounted its investments in MRTHI and MRTHII as AFS investments. Management believes that the carrying value of the AFS investments in MRTHI and MRTHII, unquoted equity securities, after the application of the proceeds from the sale of future share distributions and after considering the advances to be applied against future dividends as discussed, can be realized in the future mainly through the following :

a. Consummation of the Cooperation Agreement between the Company and MPIC. As of September 30, 2018, the Cooperation Agreement is still not consummated.

b. Letter Agreement between the Company and FEMI where the Company has a put option to use the shares of stocks of MRTHI and MRTH II to pay-off its net advances from FEMI pursuant to the "Letter of Agreement". However, this put option is subordinated to the Cooperation Agreement mentioned above.

In addition, the Company also believes that other sources of realization of the carrying value of the AFS investments in unquoted equity shares will be from the following (a) the Company's share in any additional variable equity rental payments (ERP) received by MRTC from DOTC in the form of a ridership bonus or sharing scheme which were not included in the future share distributions sold and (b) the Company's share in the benefits arising from the residual rights in the expansion project. However, the benefits that can be derived from these cannot still be quantified and therefore not included in the calculation of impairment loss.

Estimate

The key assumption concerning future and other key source of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below.

Recognition of Deferred Tax Assets.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that sufficient taxable income will be generated to allow all or part of the deferred tax assets to be utilized.

Financial Risk Management Objectives and Policies

The Company's financial assets and financial liabilities are cash in banks, AFS financial assets, accrued expenses and other current liabilities and due to a stockholder (excluding deposits received in consideration from the Cooperation Agreement). The BOD reviews and approves policies of managing each of the risks.

Liquidity Risk

Liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet or settle its obligations and supporting the Company's operations and activities.

Other than accrued expenses and other current liabilities (excluding the deposits received in consideration from the Cooperation Agreement), which are payable on demand, the remaining liabilities have no fixed repayment terms. As discussed in Note 4, the Company has the option to use its investment in MRTHI and MRTH II in payment for its outstanding advances to FEMI while the other due to related parties shall be applied against future dividends. In addition, as discussed in Note 1, FEMI committed not to demand payment of the amount due from the Company which therefore reduces the Company's exposure to liquidity risk.

The Company coordinates and negotiates closely with its Parent Company to manage cash flow risks by jointly identifying new sources of cash flows through potential future investment and/or cash flow infusions into the Company over the next five years.

Credit Risk

Credit risk arises from the possibility of the Company incurring a loss due to the failure of the debtors to meet their contractual debt obligations.

The Company's exposure to credit risk relates primarily to its deposits from banks with good credit rating. The gross and net maximum exposure to credit risk is equivalent to the carrying amount of these cash in banks and AFS financial assets.

In 2017, the Company recognized impairment loss on its available for sale financial assets amounting to ₱11.6 million. After recognition of impairment, the aggregate fair value of the Company's financial assets amounted to ₱1,495.2 million as at December 31, 2017.

No impairment loss was recognized as at September 30, 2018 hence the fair value of the Company's financial assets remain unchanged at P1,495.2 million.

Cash in banks. These are deposited with a reputable bank that belonged to the top three banks in the Philippines and approved by management. The Company has not experienced any difficulty transacting with this bank.

AFS Financial Assets. Unquoted AFS financial assets are unrated while quoted AFS financial assets are assessed as high grade based on financial status of the counterparty and its current stock price performance in the market.

Equity Price Risk

The Company is exposed to fair value changes on its AFS financial assets in listed equity securities.

The Company's policy is to maintain the risk to an acceptable level. Movement in share price is monitored regularly to determine the impact on its financial position.

Capital Management

The Company treats its payables to FEMI as part of the aggregate capital base. The primary objective of the Company's management is to maintain a substantial capital base sufficient to support its long-term investment and holding company mandate.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or business directions as approved by the Company's BOD. To maintain or adjust the capital structure, the issuance of new shares and the conversion of shareholder advances into capital stock.

The Company monitors capital using a targeted gearing ratio, which is net debt divided by total capital (inclusive of payables to FEMI as part of capital base) plus net debt. The Company's policy is to keep a gearing ratio of 60.0% or lower. The Company includes within net debt, accrued expenses and other current liabilities and due to other related parties, less cash.

	September 30, 2018	December 31, 2017
Accrued expenses and other current liabilities	440,183,853	446,460,240
Due to related parties	333,468,624	333,468,624
Less cash on hand and in banks	564,603	871,602
Net debt (a)	773,087,874	779,057,262
Due to a stockholder	799,819,663	807,323,416
Total capital deficiency	(56,446,547)	(45,899,956)
Capital and net debt (b)	1,516,460,991	1,540,480,722
Gearing ratio (a/b)	50.98%	50.57%

The Company continuously conducts an internal review its capital and financial risk management objective and policies.

3. Other Information

With regards to debt and equity securities, there were no issuances and/or repurchases incurred in the third quarter ended, September 30, 2018.

The Company has not made any reorganization, entered into any merger or consolidation or any business combinations. Also, the Company was not involved in any acquisition or disposal of subsidiaries and long term investments, restructurings and discontinuing operations since the last reporting period of December 31, 2017.

As of December 31, 2017 up to this quarter period reporting (September 30, 2018), no contingent liabilities or contingent assets have been declared.

PART 1 – FINANCIAL INFORMATION

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

MGHC continues to be a stakeholder of the Metro Manila Rail Transit Project through its holding company Metro Rail Transit Holdings, Inc. and its subsidiary Monumento Rail Transit Corporation.

Concurrently MGH's strategy is to maintain itself as a holding corporation with key investments in the form of equity interests in MRTHI and MRTHII. The combined investments in these two holding companies represent approximately 29% interest in the EDSA MRT Systems. The Phase 1 of the MRT Project (LRTS Phase 1) involving 13 stations spanning the

North Triangle to Taft Avenue began full operation on July 15, 2000. The operation for the next twelve (12) months was strictly confined to that of an investee corporation.

The Company continues, through its holdings in Monumento Rail, to actively pursue its participation in the train system extensions (e.g. Makati Loop) and capacity expansion via procurement of additional trains/vehicles.

For the past three (3) years, the Company's main source of income has been its share in the rental income which is termed as "depot royalties" that it receives annually from North Triangle Depot Commercial Corporation (NTDCC). The Company recognized leased depot royalties (classified as "Other Income" in the audited financial statements) of P27.8 million in 2017, P27.0 million in 2016 and P25.0 million in 2015. It recognized a net loss of P5.5 million in 2017, P2.5 million in 2016 and P1.0 million in 2015. The net loss in 2017, 2016 and 2015 was primarily due to operating expenses of P16.5 million,P12.6 million and P11.3 million respectively .

The Company's Deficit posted an increase of P5.5 million in 2017, P4.1 million in 2016 and P1.0 million in 2015. The Company continues to recognize a negative Stockholders Equity balance of P45.9 million in 2017, P39.4 million in 2016 and P37.6 million in 2015.

During the regular meeting of the Board of Directors of the Company held on September 24, 2018, the Board approved to (i) increase the Authorized Capital Stock of the Company from P2,000,000,000 divided into 2,000,000,000 shares with a par value of One Peso (P1.00) per share to P5,000,000,000 divided into 5,000,000,000 shares with a par value of One Peso (P1.00) per share (ii) that out of the P3,000,000,000 increase in the Authorized Capital Stock, the amount of P750,000,000 representing 750,000,000 common shares at par value of P1.00 per share shall be subscribed by FEMI and (iii) that out of the said subscription, the amount of P500,000,000 representing 500,000,000 common shares at par value of P1.00 per share shall be fully paid through offset of outstanding payables of the Company to FEMI to the extent of P500,000,000.

With the additional subscription by FEMI to P750 million, divided into 750 million shares at P1.00 per share, the Company's Stockholders Equity balance is expected to result in a positive balance of approximately P690 million.

Equity Infusion. On March 19, 2007, the Company accepted the proposal of FEMI to infuse its 30.0% equity ownership in Camp John Hay Development Corporation (CJH) subject to the approval of the SEC .

On September 11, 2007, the Company signed a Deed of Assignment transferring the 30.0% equity ownership of FEMI in CJH in exchange for 450.0 million shares of the Company at P1.0 par value and was approved by the Bases Conversion Development Authority (BCDA) on July 1, 2008.

On September 11, 2007, the Company signed a Deed of Assignment transferring the 30.0% equity ownership of FEMI in CJH in exchange for 450.0 million shares of the Company at P1.0 par value and was approved by the Bases Conversion Development Authority (BCDA) on July 1, 2008.

On April 23, 2009, the Company and FEMI (the parties) executed an Amendment to the Deed of Assignment which includes amending the number of shares to be transferred to 1.5 million shares still representing 30.0% equity interest in CJH and (b) extends date of closing of transaction to allow the parties to fully comply with the conditions precedent to closing as set forth in the Deed of Assignment, particularly the consent from the SEC.

On January 9, 2012, CJHDEVCO rescinded the Restructured Memorandum of Agreement it entered into with BCDA on July 1, 2008, in view of the continuing inability of BCDA to make good its one-stop shop 30-day permit issuance guaranty. CJH subsequently filed a case against BCDA for arbitration with the Philippine Dispute Resolution Center, Inc.

On March 14, 2012, the House of Representatives passed a resolution creating a technical working group aimed to assisting CJHDEVCO and BCDA in amicably resolving the dispute.

On April 12, 2012, the Board of Directors (BOD) approved the deferment of the implementation of the transfer of the 30.0% equity of FEMI in CJH until the dispute between CJH and BCDA has been resolved.

On February 11, 2015, the PDRCI rendered its Final Award on the arbitration case filed by CJH Development Corporation (CJH) against the Bases Conversion and Development Authority ((BCDA). The decision stated that the Original Lease Agreement, and the subsequent Memorandums of Agreements entered into by CJH and BCDA were rescinded due to mutual breach of both parties and ordered the parties to be reverted as far as practicable to their original position prior to the execution of the Original Lease Agreement.

The PDRCI (a) directed BCDA to return to CJH the total amount of rentals it paid amounting to PI,421.1 billion; and (b) ordered CJH to vacate the leased premises and promptly deliver the leased property to BCDA. The PDRCI likewise declared CJH as not liable for any unpaid back rent consistent with the ruling that rescission and mutual restitution is proper in the case.

On March 6, 2015, CJH filed a Verified Petition for Confirmation of Final Award with the Regional Trial Court of Baguio City. On March 27, 2015, the Court issued an Order of Confirmation of the Final Award, re-stating "in toto" the Final Award of the PDRCI.

In view of the PDRCI decision, the Board of Directors approved to permanently cancel the proposed transaction for FEMI to infuse its^30.0% equity in CJH in exchange for equity shares of the Company.

In fusion of Certain Properties. On April 12, 2012, the Company accepted the infusion by FEMI of certain properties of Mt. Zion Memorial, Inc. (MZMI) worth P500.0 million in exchange for 500.0 million shares of the Company at P1.0 par value. MZMI is a wholly-owned subsidiary of FEMI engaged in the development of Class A memorial parks.

Consistent with the new business directions of the Company as discussed in the next section, the Board of Directors approved to cancel the implementation of the proposed plan of FEMI to assign properties of Mt. Zion Memorial Inc. (MZMI), worth P500.0 million in exchange for 500,000,000 shares of the Company at PI.00 per share.

Conversion of Liabilities to FEMI to Equity. On December 16,2013, the SEC approved the conversion of a portion of the Company's liabilities to FEMI amounting to P800.0 million, into equity shares totaling 800.0 million shares atPl.0 par value.

On May 6, 2014, the BOD of the Company approved the request of FEMI to increase its shareholdings and further reduce its receivables from the Company through the conversion into equity of portion of its receivables amounting to P200.15 million, equivalent to 200,150,000 shares at PI.00 par value. On September 4, 2014, the SEC approved the conversion of portion of the Company's liabilities to FEMI amounting to P200.15 million, into equity shares equivalent to 200,150,000 shares at PI.00 par value.

On September 4, 2014, the Securities and Exchange Commission approved the Corporation's application for Confirmation of Valuation of the advances of ₱200,150,000 as payment for the additional Subscription of Fil-Estate Management, Inc. to 200,150,000 common shares of Metro Global Holdings Corporation (formerly Fil-Estate Corporation) with par value of ₱1.00 per share.

With the additional conversion of liabilities to equity, FEMI's equity interest increased from 86.54% to 87.88%.

On September 24, 2018, the BOD of the Company approved the additional subscription by FEMI of P750,000,000, divided into 750,000,000 common shares at P1.00 par value per share, from the planned increase in ACS of the Company of P3,000,000,000, representing 3,000,000,000 common shares with a par value of P1.00 per share. Out of the said subscription, the amount of P500,000,000, representing 500,0000,000 common shares at par value of P1.00 per share, shall be paid through offset of outstanding payables of the Company to FEMI to the extent of P500,000,000.

The Company will secure the approval of the debt-to-equity conversion immediately after the approval of the planned increase in ACS is secured from the SEC.

Cooperation Agreement. On November 12, 2010, the Company, Fil-Estate Properties, Inc. (FEPI) and FEMI (collectively termed as the Fil-Estate Companies) entered into a Cooperation Agreement with Metro Pacific Investment Corporation (MPIC) relating to the Fil-Estate Companies' rights and interests in the MRT Companies. The cooperation has the following objectives: (i) explore solutions that will enable to expansion of the MRT 3 system through financially and legally viable means, and (ii) to transfer the interests of the Fil-Estate Companies in the MRT Companies, subject to obtaining the necessary consents from the relevant parties. Under the Cooperation Agreement, the Fil-Estate Companies shall appoint MPIC as its attorney-in-fact in connection with the exercise of the rights and interests of the Fil-Estate Companies in the MRT Companies. The completion and consummation of the transaction contemplated by the parties is subject to certain conditions, which as at June 30, 2018, has not yet occurred. As such, MPIC and Fil-Estate Companies are still in the process of discussing possible scenarios on how to implement the transactions contemplated by the parties when they entered into the Cooperation Agreement.

Redemption of Redeemable Preferred Shares in Monumento Rail

On August 22, 2006, the Board of Directors of Monumento Rail Transit Corporation (Monumento Rail) approved the redemption of the redeemable preferred shares it issued to its shareholders giving the latter a redemption privilege by assigning the former's right to receive Depot Royalty Rights pro-rata to the percentage of shareholdings held by each shareholder. On December 17, 2014, Monumento Rail and its shareholders executed the Redemption and Deeds of Assignment of the redeemable preferred shares. The cost of the Company's 18,029,417 redeemable preferred shares amounts to P901,471 based on par value P.05 per share which is the price per share at time of redemption. In accordance with the Articles of Incorporation of the issuer, the holder of the redeemable preferred shares is given the privilege of a right to receive Depot Royalty pro-rata to the percentage of shareholdings of redeemable shares held by each shareholder of record thereof as of August 22, 2006.

The Company recognized its share in the lease income termed as "Depot Royalty" amounting to ₱27,843,188 representing 28.47% of 5% of lease income in the subject Depot in 2017.

Settlement Agreement

On December 17,2014, the Company, together with all the shareholders of Monumento Rail Transit Corp., entered into a Settlement Agreement with Metro Rail Transit Development

Corporation (MRTDEVCO) and companies who are parties to a Vested Rights Agreement dated May 22,1995, whereby MRTDEVCO agreed to assign to parties of the Vested Rights Agreement the development rights to specific developable areas of the 16 hectares Depot in North Triangle corner EDSA, North Avenue and Mindanao Avenue. The assignment of development rights, however, are conditioned on the assumption of the assignees of the obligation to pay the Depot Income to shareholders of Monumento Rail Transit Corp. (Monumento Rail) arising from the developments in the Depot in accordance with the Deed of Assignment of Development Rights of June 16, 1995 between Metro Rail Transit Corp. Ltd. (MRTCL) and MRTDEVCO, the Assignment and Assumption Agreement of December 18, 2000 between MRTCL and the Company, and Deed of assignment between by MRTDEVCO to NTDCC on February 21, 2002.

Assumption and Accession Agreement
On October 29, 2015, the Company, together with Global-Estate Resorts, Inc. (GERI) and North Triangle Depot Commercial Corporation (NTDCC) entered into Assumption and Accession Agreement. Under the agreement, GERI, with the consent of the Company, assigned to NTDCC the former's obligation to pay the Company the latter's 28.47% of 5% of the Depot Income.

Lease Agreement
GERI and NTDCC also entered into a Lease Agreement over North Avenue Lot Pads A and B in the Depot. As a condition to the signing of the Lease Agreement, GERI required NTDCC to assume the obligation of GERI to pay the Company 28.47% of the Deport Income pursuant to the Assumption and Accession Agreement.

Change in Corporate Name. On May 30, 2014, the SEC approved the amendment of the Articles of Incorporation and By-Laws of the Company, changing its name to Metro Global Holdings Corporation (from Fil-Estate Corporation).

New Management Plans

During the regular meeting held on September 24, 2018, the BOD of the Company approved to expand the primary purpose of the Company to include investment in business engaged in solar, wind and other renewable energy generation facilities.

The Company is currently in discussion with several foreign strategic partners to pursue its new business in investing solar, wind and other renewable energy generation facilities.

The Company's **key performance indicators (KPls)** cannot be measured or discussed since result of operation is net loss and there is capital deficiency. The Company's operation is strictly confined as holding company. Current ratio for 3rd quarter 2018 is 0.030% as compared to 3rd quarter of 2017 of 0.033%. You may refer to the attached table A.

The company employed two (2) office personnel starting June 2015 up to present.

Cash decreased by about ₱307 Thousand, from ₱871.6 Thousand in December 2017 to ₱564.6 Thousand in September 2018.

Receivables decreased by ₱26.8 million mainly due to the collection of receivables from NTDCC in February 2018.

There were no material changes in the AFS Financial Assets, which comprised 98.66% of the total assets in the 3rd Quarter of September 2018 as compared with that of December 31, 2017.

The decrease in the “Due to a stockholder” account of ₱7.5 Million was the net effect of the ₱20 million partial payment of FEMI advances and the cash advances received from FEMI during the first three (3) quarters of the year.

Decrease in Accrued Expenses account of about ₱6.2 Million was due to payments of prior period accruals and settlement of deferred output tax.

Due to other related parties remain unchanged as of September 30, 2018.

Net Loss for 3rd quarter of 2018 of about ₱10.5 Million was brought about by the regular operating expenses of the company.

There are no material events, trends, commitments or uncertainties known to management that would address the past and would have an impact on the liquidity and on future operation of the company in general.

There are no any material commitments for capital expenditures, nor any events that will trigger direct or contingent financial obligation that is material to the company.

No material off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons created during this 3rd quarter period.

FINANCIAL RISK DISCLOSURE

The significant judgments made in classifying a particular financial instrument in the fair value hierarchy.

- ***Fair value of financial instruments***
  Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, these are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. These judgments may include considerations of liquidity. Due to the short-term nature of transactions, the fair value of cash in banks, accrued expenses and other current liabilities and due to a stockholder approximate the carrying values as at reporting date. Quoted equity securities are recorded at fair value. Fair value of unquoted equity securities for which no reliable basis for fair value measurement is available are carried at cost, less any accumulated impairment loss.

  Fair Value Hierarchy
  The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

  Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The quoted equity securities whose fair values are determined using quoted prices in active markets (Level 1) amounted to ₱4.3 million and ₱4.4 million as at September 30, 2018 and December 31, 2017, respectively.

As at September 30, 2018 and December 31, 2017, the Company does not have any financial assets and financial liabilities carried at fair value that are classified under Level 2 and 3.

On September 30, 2018 and December 31, 2017, there are no transfers among the fair value hierarchies.

A comparison of the fair values as of date of the recent interim financial report and as of date of the preceding interim period, and the amount of gain/loss recognized for each of the said periods, as follows;

Quoted Equity Securities

The changes in market value of quoted equity securities that were presented as "Change in fair value of available-for-sale financial assets" in other comprehensive income amounted to ₱ 1.8 million gain in September 2018 and ₱ 1.9 million gain in December 2017.

Movement in AFS financial assets consists of:

	September 2018	Dec. 2017
Acquisition cost	₱2,565,582	₱2,565,582
Cumulative change in fair value of AFS financial assets:		
Balance at beginning of year	1,887,222	2,851,408
Changes in fair value during the year	(71,936)	(964,186)
Balance at end of year	1,815,286	1,887,222
	₱4,380,869	₱4,452,805

The criteria used to determine whether the market for a financial instrument is active or inactive, as defined under PAS 39 – Financial instruments.

(1) Determination of Fair Value of Financial Assets not Quoted in an Active Market. The Company classifies financial asset valuating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arms' length basis.

(2) The fair values of the company's investments in MRTHI and MRTHII cannot be reasonably determines as the shares are unquoted nor were there any expected future cash flows in view of the sale of future distributions entered into by the participated shareholders of MRTHI and MRTHII with TBS Kappitel Corporation Pte Ltd (TBS Kappitel) and that the investments, pursuant to the option agreement with FEMI will be used to settle the Company's liability to FEMI. The carrying amount of unquoted investments amounted to ₱1.490.7 billion as at September 30, 2018 and December 31, 2017.

PART II – OTHER INFORMATION

SEC FORM 17C

a) During meeting last September 24, 2018, The Board of Directors approved the following amendments to the Articles of Incorporation of the Company, to wit:

   1. Increase of the Company's authorized capital stock from Two Billion Pesos (Php2,000,000,000.00) divided into Two Billion (2,000,000,000) shares with a par value of One Peso (Php1.00) per share to Five Billion Pesos (Php5,000,000,000.00) divided into Five Billion (5,000,000,000) shares with a par value of One Peso (Php1.00) per share. This resolution supersedes the previously disclosed resolution of the Board of Directors on 4 May 2018 approving the increase in capital stock from Two Billion Pesos (Php2,000,000,000.) to Three Billion Pesos (Php3,000,000,000.00); and

   2. Expand the Primary Purpose to include investment in business engaged in solar, wind and other renewable energy generation facilities.

   The foregoing amendments shall be presented for approval of the Company's shareholders at the annual Stockholders' Meeting scheduled on 22 November 2018 before submitting the same for approval of the Securities & Exchange Commission.

b) At the regular meeting of the Board of Directors held on 24 September 2018, the Board approved to amend the previously disclosed resolution of the Board of directors on 4 May 2018 approving the increase in capital stock from Two Billion Pesos (P2,000,000,000.00) to Three Billion Pesos (P3,000,000,000.00). The amendment relates to an increase in the capital stock of the Company from Two Billion Pesos (P2,000,000,000.00) to Five Billion Pesos (P5,000,000,000.00) [instead of the Three Billion Pesos (P3,000,000,000.00) as previously disclosed].

c) During meeting of the Board of Directors held on 24 September 2018, the Board approved the resolution to hold the annual Stockholders' Meeting of the Company on 22 November 2018 at 9:00am. Venue shall be disclosed later. Only stockholders of record date at the close of business hour of 16 October 2018, the record date and time fixed by the Board of Directors, are entitled to notice and to vote at said meeting. Agenda of the meeting shall be as follows:

   1. Call to Order
   2. Determination and Certification of a Quorum
   3. Approval of the previous meeting held on 13 September 2007
   4. Report of the Chairman
   5. Approval of the Audited Financial Statements for the calendar years ended 31 December 2008 to 31 December 2017
   6. Certification and Ratification of Corporate Acts for the years 2008 to 2017
   7. Election of the members of the Board of Directors
   8. Appointment of External Auditors
   9. Amendment of the Articles of Incorporation to:
      a. Increase the capital stock of the Corporation from P2,000,000,000.00 to P5,000,000,000.00
      b. Expanded the Primary Purpose of the Corporation to include businesses engaged in solar, wind and other renewable energy generation facilities.

10. Other matters

d. Please be informed that the venue of the Annual Stockholders' Meeting of the Company on 22 November 2018 (Thursday) at 9 o'clock in the morning shall be at the Batanes Function Room, Edsa Shangri-La Hotel, 1 Garden Way, Ortigas Centre, Madaluyong City.

Table A

Financial Ratios	**Formula**	**3rd quarter 2018**	**3rd quarter 2017**
a) Current Ratio	Total Current Assets / Total Current Liabilities	0.030%	0.033%
b) Solvency Ratio	Net Profit after Tax (or NPAT) + Depreciation and amortization / Total Liabilities		
c) Debt-to-Equity Ratio	Total Debt / Total Stockholders' Equity		
d) Asset to Equity Ratio	Total Assets / Total Stockholders' Equity		
e) Net Profit margin	NPAT / Net Revenues		
f) Return on asset	NPAT / Average Total Asset		
g) Return on Equity	NPAT / Average Total Stockholders' Equity		

109262018001472

SECURITIES AND EXCHANGE COMMISSION

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Company Information

SEC Registration No.	0000009142
Company Name	METRO GLOBAL HOLDINGS CORPORATION
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	109262018001472
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Document Code	17-C
Period Covered	September 24, 2018
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Department	CFD
Remarks	

COVER SHEET

9142
SEC Registration No.

METRO GLOBAL HOLDINGS CORPORATION

(Company's Full Name)

MEZZANINE FLOOR, RENAISSANCE TOWER, MERALCO AVE., PASIG
(Business Address: No. Street City/ Town/ Province)

ALICE ODCHIGUE-BONDOC
Contact Person

6336205 loc. 113
Company Telephone Number

SEC FORM 17-C
(Current Report Under Section 17 of the Securities & Regulation Code)

12 31
Month Day
fiscal year

FORM TYPE

1st Thursday of March
Month Day
annual meeting

Listed
Secondary License Type, If Appplicable

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Amount of Borrowings

Domestic

Foreign

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To be accomplished by SEC Personnel concerned

File Number

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

**CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER**

1. **24 September 2018**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: **9142**   3. BIR Tax Identification No. 000-194-408-000

4. **Metro Global Holdings Corporation** *(formerly Fil-Estate Corporation)*
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines**   6. ☐ (SEC Use Only)

   Province, country or other jurisdiction of incorporation   Industry Classification Code:

7. **Mezzanine Floor Renaissance Tower, Meralco Ave., Pasig City**   **1605**
   Address of principal office   Postal Code

8. **(632) 6336205**
   Issuer's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common shares	**2,000,000,000 shares**

11. Indicate the item numbers reported herein: Item 9

Please be advised that at the regular meeting of the Board of Directors of Metro Global Holdings Corporation (the "Company") held on 24 September 2018, the

Board approved the following amendments to the Articles of Incorporation of the Company, to wit:

1. Increase of the Company's authorized capital stock from Two Billion Pesos (Php2,000,000,000.00) divided into Two Billion (2,000,000,000) shares with a par value of One Peso (Php1.00) per share to Five Billion Pesos (Php5,000,000,000.00) divided into Five Billion (5,000,000,000) shares with a par value of One Peso (Php1.00) per share. This resolution supersedes the previously disclosed resolution of the Board of Directors on 4 May 2018 approving the increase in capital stock from Two Billion Pesos (2,000,000,000.00) to Three Billion Pesos (P3,000,000,000.00); and

2. Expand the Primary Purpose to include investment in businesses engaged in solar, wind and other renewable energy generation facilities.

The foregoing amendments shall be presented for approval of the Company's shareholders at the Annual Stockholders' Meeting scheduled on 22 November 2018 before submitting the same for approval of the Securities & Exchange Commission.

SIGNATURE

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

METRO GLOBAL HOLDINGS CORPORATION
Issuer

Date: 24 September 2018

By:

ATTY. ALICE ODCHIGUE BONDOC
SVP-Compliance Officer

109262018001483

SECURITIES AND EXCHANGE COMMISSION

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Company Information

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Company Name	METRO GLOBAL HOLDINGS CORPORATION
Industry Classification	
Company Type	Stock Corporation

Document Information

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Department	CFD
Remarks	

COVER SHEET

9142
SEC Registration No.

METRO GLOBAL HOLDINGS CORPORATION

(Company's Full Name)

MEZZANINE FLOOR, RENAISSANCE TOWER, MERALCO AVE., PASIG

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

ALICE ODCHIGUE-BONDOC
Contact Person

6336205 loc. 113
Company Telephone Number

SEC FORM 17-C
(Current Report Under Section 17 of the Securities & Regulation Code)

12 31
Month Day
fiscal year

FORM TYPE

1st Thursday of March
Month Day
annual meeting

Listed
Secondary License Type, If Appplicable

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Amount of Borrowings

Domestic

Foreign

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To be accomplished by SEC Personnel concerned

File Number

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

**CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER**

1. **24 September 2018**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: **9142**

3. BIR Tax Identification No. 000-194-408-000

4. **Metro Global Holdings Corporation** *(formerly Fil-Estate Corporation)*
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines**
   Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
   Industry Classification Code:

7. **Mezzanine Floor Renaissance Tower, Meralco Ave., Pasig City** **1605**
   Address of principal office
   Postal Code

8. **(632) 6336205**
   Issuer's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common shares	**2,000,000,000 shares**

11. Indicate the item numbers reported herein: Item 9

Please be advised that at the regular meeting of the Board of Directors of Metro Global Holdings Corporation held on 24 September 2018, the Board approved to amend the previously disclosed resolution of the Board of Directors on 4 May 2018 approving the increase in capital stock from Two Billion Pesos (2,000,000,000.00) to Three Billion Pesos (P3,000,000,000.00). The amendment relates to an increase in the capital stock of the Company from Two Billion Pesos (2,000,000,000.00) to Five Billion Pesos (P5,000,000,000.00) [instead of Three Billion Pesos (P3,000,000,000.00) as previously disclosed].

SIGNATURE

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

METRO GLOBAL HOLDINGS CORPORATION
Issuer

Date: 24 September 2018

By:

ATTY. ALICE ODCHIGUE BONDOC
SVP-Compliance Officer

109262018001458

SECURITIES AND EXCHANGE COMMISSION

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Company Name	METRO GLOBAL HOLDINGS CORPORATION
Industry Classification	
Company Type	Stock Corporation

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Department	CFD
Remarks	

COVER SHEET

9142
SEC Registration No.

METRO GLOBAL HOLDINGS CORPORATION

(Company's Full Name)

MEZZANINE FLOOR, RENAISSANCE TOWER, MERALCO AVE., PASIG

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

ALICE ODCHIGUE-BONDOC
Contact Person

6336205 loc. 113
Company Telephone Number

SEC FORM 17-C
(Current Report Under Section 17 of the Securities & Regulation Code)

12 Month, 31 Day
fiscal year

FORM TYPE

1st Thursday of March
Month Day
annual meeting

Listed
Secondary License Type, If Appplicable

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Amount of Borrowings
Domestic
Foreign

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To be accomplished by SEC Personnel concerned

File Number

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

**CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER**

1. **24 September 2018**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: **9142**

3. BIR Tax Identification No. 000-194-408-000

4. **Metro Global Holdings Corporation** *(formerly Fil-Estate Corporation)*
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines**
   Province, country or other jurisdiction of incorporation

6. [ ] (SEC Use Only)
   Industry Classification Code:

7. **Mezzanine Floor Renaissance Tower, Meralco Ave., Pasig City** — **1605**
   Address of principal office — Postal Code

8. **(632) 6336205**
   Issuer's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common shares	**2,000,000,000 shares**

11. Indicate the item numbers reported herein: Item 9

Please be informed that at the meeting of the Board of Directors of Metro Global Holdings Corporation held on 24 September 2018, the Board approved the resolution to hold the Annual Stockholders' Meeting of the Company on 22 November 2018 at 9:00am. Venue shall be disclosed later. Only stockholders of record date at the close of business hour of 16 October 2018, the record date and time fixed by the Board of Directors, are entitled to notice and to vote at said meeting. Agenda of the meeting shall be as follows:

1. Call to Order
2. Determination and Certification of a Quorum
3. Approval of the Previous Meeting Held on 13 September 2007
4. Report of the Chairman
5. Approval of the Audited Financial Statements for the calendar years ended 31 December 2008 to 31 December 2017
6. Certification and Ratification of Corporate Acts for the years 2008 to 2017
7. Election of the members of the Board of Directors
8. Appointment of External Auditors
9. Amendment of the Articles of Incorporation to:
   a. Increase the capital stock of the Corporation from P2,000,000,000.00 to P5,000,000,000.00
   b. Expand the Primary Purpose of the Corporation to include businesses engaged in solar, wind and other renewable energy generation facilities.
10. Other matters

SIGNATURE

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

METRO GLOBAL HOLDINGS CORPORATION
Issuer

Date: 24 September 2018

By:

ATTY. ALICE ODCHIGUE BONDOC
SVP-Compliance Officer

110082018000937

SECURITIES AND EXCHANGE COMMISSION

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Company Information

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Industry Classification	
Company Type	Stock Corporation

Document Information

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Remarks	

COVER SHEET

9 1 4 2

SEC Registration No.

M E T R O G L O B A L H O L D I N G S

C O R P O R A T I O N

(Company's Full Name)

M E Z Z A N I N E F L O O R , R E N A I S S A N C E

T O W E R , M E R A L C O A V E . , P A S I G

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

ALICE ODCHIGUE-BONDOC

Contact Person

6336205 loc. 113

Company Telephone Number

SEC FORM 17-C

(Current Report Under Section 17 of the Securities & Regulation Code)

FORM TYPE

1 2 | 3 1

Month Day

fiscal year

1st Thursday of March

Month Day

annual meeting

Listed

Secondary License Type, If Appplicable

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Amount of Borrowings

Domestic

Foreign

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To be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. **5 October 2018**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: **9142**   3. BIR Tax Identification No. 000-194-408-000

4. **Metro Global Holdings Corporation** *(formerly Fil-Estate Corporation)*
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines**   6. [ ] (SEC Use Only)

   Province, country or other jurisdiction of incorporation   Industry Classification Code:

7. **Mezzanine Floor Renaissance Tower, Meralco Ave., Pasig City**   **1605**
   Address of principal office   Postal Code

8. **(632) 6336205**
   Issuer's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common shares	**2,000,000,000 shares**

11. Indicate the item numbers reported herein: Item 9

Please be informed that the venue of the Annual Stockholders' Meeting of the Company on 22 November 2018 (Thursday) at 9 o'clock in the morning shall be at the Batanes Function Room, Edsa Shangri-La Hotel, 1 Garden Way, Ortigas Centre, Mandaluyong City.

SIGNATURE

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

METRO GLOBAL HOLDINGS CORPORATION
Issuer

Date: 5 October 2018

By:

ATTY. ALICE ODCHIGUE BONDOC
SVP-Compliance Officer

SIGNATURES

Pursuant to the requirements of the Revised Securities Act, the registrants has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized

Registrant: Metro Global Holdings Corporation

Signature and Title ____________________
Atty. Ferdinand T. Santos
President

Date : October 18, 2018

Principal Financial/Accounting Officer/Controller:

Signature and Title ____________________
Ramon G. Jimenez
Vice President for Accounting