

COVER SHEET

3 9 2 4 3
S.E.C. Registration Number

IMPERIAL RESOURCES
INCORPORATED

(Company's Full Name)

82-J 4TH STREET,
BARANGAY MARIANA, NEW MANILA
QUEZON CITY, METRO MANILA

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

JESUS VICENTE B. CAPELLAN

8 7 2 1 - 6 9 9 4
Company Telephone Number

SEC FORM 17-C

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PRELIMINARY INFORMATION STATEMENT (20-IS)
AS OF DECEMBER 31, 2019

0 7

1 1

Month Day
Fiscal Year

Form Type

Month Day
Annual Meeting

N/A

Secondary License Type, If Applicable

M S R D

Dept. Requiring this Doc.

N/A

Amended Articles Number/Section

N/A

Total No. of Stockholders

Total Amount of Borrowings

N/A

Domestic

N/A

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Remarks = pls. Use black ink for scanning purposes

IMPERIAL RESOURCES INCORPORATED

Unit 202 Villa Building, No. 78 Jupiter Street, Bel-Air
Makati City, Metro Manila

NOTICE OF THE REGULAR ANNUAL STOCKHOLDERS' MEETING

DEAR STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the regular annual meeting of the stockholders of **IMPERIAL RESOURCES INCORPORATED** will be held at **Events Place, Unit 206 2nd Floor, Villa Building, No. 78 Jupiter Street, Bel-Air, Makati City, Metro Manila**, on **Thursday, September 03, 2020**, at **10:00 o'clock in the morning**. The order of business of said meeting shall be as follows:

1. Secretary's Proof of Notice of Meeting
2. Declaration of Quorum
3. Approval of the Minutes of Regular Annual Stockholders' Meeting held on July 11, 2019
4. Annual Report as at December 31, 2019
 - 4.1. President's Report to Equity Holders
 - 4.2. Financial Statements
5. Approval by the stockholders of the Annual Report and the Financial Statements of the corporation
6. Election of seven (7) members of the board of directors inclusive of two (2) independent directors
7. Ratification of the appointment of Villaruz, Villaruz & Co. CPA's as Independent Auditor of Imperial Resources Incorporated, with business address at Unit 3, Level 9 Galleria Corporate Center, E. Delos Santos Avenue (EDSA) corner Ortigas Avenue, Quezon City, Metro Manila
8. Ratification of all acts, contracts, resolutions and proceedings of the Board of Directors and Corporate Officers acting within the scope of their designated authority from July 11, 2019 Annual Stockholders' Meeting until the present, September 03, 2020
9. Other Matters
10. Adjournment

The Board of Directors has fixed **July 21, 2020** as the record date for the determination of stockholders who are entitled to notice and to vote at the meeting. On the other hand, the stock and transfer book of the Company will be closed at 5:00 o'clock in the afternoon of **August 25, 2020** and will be reopened after the stockholders meeting.

JESUS VICENTE B. CAPELLAN
Corporate Secretary

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS**

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

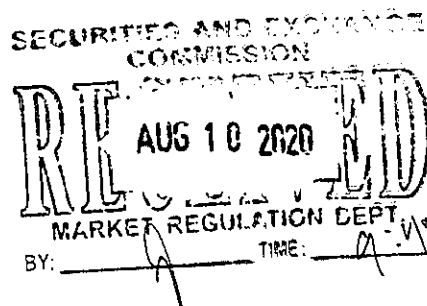
Filed by the Registrant ☒ [X]

Filed by a Party other than the Registrant ☐ []

1. Check the appropriate box:

☒ [X] Preliminary Information Statement

☐ [] Definitive Information Statement



2. Name of Registrant as specified in its charter **IMPERIAL RESOURCES INCORPORATED**

3. **Metro Manila, Philippines**

Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **39243**

5. BIR Tax Identification Code **000-463-670-000**

6. **Unit 202 Villa Building, No. 78 Jupiter Street, Bel-Air, Makati City**
Metro Manila

Address of principal office

1200

Postal Code

7. Registrant's telephone number, including area code **(632)8831-4719/8721-6994**

8. **September 03, 2020, 10:00 A.M. at Events Place, Unit 206 2nd Floor, Villa Building**
No. 78 Jupiter Street, Bel-Air, Makati City, Metro Manila

Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders **August 11, 2020**

10. There is no proxy solicitation

11. Securities registered pursuant to Sections 8 and 12 of the Code or Section 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate Registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
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Common Stock – P1.00 par value

652,500,000 Six Hundred Fifty-Two Million Five Hundred Thousand Common Shares

There are no debt securities

Amount of Debt Outstanding - Php48,595,377

12. Are any or all of Registrant's securities listed on a Stock Exchange?

Yes ☒ No ☐

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange

Common Stock Shares

The original Twenty Million (20,000,000) shares of stock consisting of Fourteen Million (14,000,000) Common Class "A" shares and Six Million (6,000,000) Common Class "B" shares are listed in the Philippine Stock Exchange. After the approval of the change in par value from Php5.00 to Php1.00 and declassification of Class "A" and Class "B" into Common Stock by the Securities and Exchange Commission on February 10, 2017, the Common Stock shares listed with Philippine Stock Exchange has become 100,000,000 shares. One Hundred Fifty Million (150,000,000) Common Stock shares out of the increase of authorized capital stock which are exempted from the registration requirements under Sec. 6(a) (4) of the Revised Securities Act (now Sec. 10 1(e) of the Securities Regulation Code are being readied for listing application.

PART I

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

However, if you wish to send a representative or proxy, please send your proxy letter not later than August 26, 2020 for recording and validation to the office of the Corporate Secretary of Imperial Resources Incorporated at Unit 202 Villa Building, No.78 Jupiter Street, Bel-Air, Makati City, Metro Manila 1200 or at No. 82-J 4th Street, Mariana, New Manila, Quezon City, Metro Manila 1112.

ITEM 1. DATE/TIME/PLACE OF THE ANNUAL MEETING OF THE SECURITY HOLDERS

a. The stockholders' meeting shall be held on:

Date : September 03, 2020 (Thursday)
Time : 10:00 o'clock
Place : Events Place, Unit 206 2nd Floor, Villa Building
No. 78 Jupiter Street, Bel-Air, Makati City

Complete mailing address of the business office of the Registrant:
No. 82-J 4th Street, Mariana, New Manila, Quezon City, Metro Manila

b. The approximate date on which the information statement is first to be sent and given to the security holders shall be August 11, 2020.

ITEM 2. DISSENTER'S RIGHT OF APPRAISAL

Any stockholder of the corporation shall have the right to dissent and demand payment of the fair value of his/her shares in any of the following instance(s):

1. In case of any amendment to the articles of incorporation which has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code; and
3. In case of merger or consolidation; and
4. In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

There are no corporate actions that will be taken up at the regular annual stockholders' meeting for which a stockholder may exercise the right of appraisal.

How Right is Exercised - The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for the payment of the fair value of his/her shares; Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of the certificate(s) of stock representing his/her shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; and Provided, further, That upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his/her shares to the corporation.

Effect of Demand and Termination of Right - From the time of demand for payment of the fair value of the dissenting stockholder's shares until either the abandonment of the corporate action involved or the purchase of the said shares by the corporation, all rights accruing to such shares, including voting and dividend rights shall immediately be restored the stockholder.

When Right to Payment Ceases - The demand for payment pursuant to the exercise of appraisal right may not be withdrawn unless the corporation consents thereto. If, however, such demand for payment is withdrawn with the consent of the corporation, or if the proposed corporate action is abandoned or rescinded by the corporation or disapproved by the Commission where such approval is necessary, or if the Commission where such stockholder is not entitled to the appraisal right, then the right of the stockholder to be paid the fair value of the shares shall cease, the status of the stockholder shall be restored, and all dividend distributions which would have accrued on the shares shall be paid to the stockholder.

Who Bears Costs of Appraisal - The costs and expenses of appraisal are borne by the corporation, unless the fair value ascertained by appraisers is approximately the same as the price which the corporation may have offered to pay the stockholder, in which case said

expenses shall be borne by the dissenting stockholder. In the case of an action to recover such fair value, all costs and expenses shall be assessed against the corporation, unless the refusal of the stockholder or receive payment was unjustified.

Notation on Certificates; Rights of Transferee - Within ten (10) days after demanding payment for shares held, a dissenting stockholder shall submit the certificates of stock representing the shares to the corporation for notation that such shares are dissenting shares. Failure to do so shall, at the option of the corporation, terminate the appraisal right. If shares represented by the certificates bearing such notation are transferred, and the certificates consequently cancelled, the rights of the transferor as a dissenting stockholder shall cease and the transferee shall have all the rights of a regular stockholder; and all dividend distributions which would have accrued on such shares shall be paid to the transferee.

ITEM 3. INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON

- (a) There is no substantial interest, direct or indirect, by security holders or otherwise, of each of the following persons in any manner to be acted upon, other than the election to office.
1. Each person who has been a director or officer of the Registrant at any time since the beginning of the last fiscal year;
 2. Each nominee for election as director of the Registrant;
 3. Each associate of any of the foregoing persons.
- (b) No director has informed the Registrant in writing that he/she intends to oppose any action to be taken at the meeting. No indication of any action intended to be opposed.

B. CONTROL AND COMPENSATION INFORMATION

ITEM 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

- (a) As of Record Date, the Company had the following outstanding shares of common stocks:

Class Voting Share	No. of Shares Outstanding		Voting Shares Entitled to Vote
Title of Each Class	Number of Shares Outstanding Computed at P1.00 Par value per Share	%	No. of Shares Entitled to Vote
Common Filipino	650,508,724	99.69%	One vote per share
Common Foreign	1,991,276	0.31%	One vote per share
Total	652,500,000	100%	

- (b) All stockholders as of July 21, 2020 record date are entitled to notice, and shall have the right to nominate any director who possesses all of the qualifications and none of the disqualifications set forth in the Revised Corporation Code.

At all elections of directors, there must be present, either in person or through a representative authorized to act by written proxy, the owners of majority of the outstanding capital stock entitled to vote. The Registrant, it being vested with public interest, allows stockholders to vote through remote communication or *in absentia*.

The stockholder who participates through remote communication or *in absentia*, is deemed present for purposes of quorum.

The election must be by ballot if requested by any voting stockholder. Otherwise, it is by the raising of hands to determine the number of shares who voted in favor of the resolution or the matter submitted for approval.

- (c) Stockholders entitled to vote shall have the right to vote the number of shares of stock standing in their own name in the stock and transfer book of the corporation as at record date. The said stockholder may: (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit: *Provided*, That the total number of votes cast shall not exceed the number of shares owned by the stockholders as shown in the books of the corporation multiplied by the whole number of directors to be elected (The total number of votes that may be cast by a stockholder of the Company is computed as follows: No. of shares held on record as of record date x 7 Directors. In all other cases, each share of stock is entitled to one vote: *Provided, however*, That no delinquent stock shall be voted. Nominees for directors receiving the highest number of votes shall be declared elected.

If no election is held, or the owners of majority of the outstanding capital stock entitled to vote are not present in person, by proxy, or through remote communication or not voting *in absentia* at the meeting, such meeting may be adjourned.

The non-holding of elections and the reasons therefor shall be reported to the Commission within thirty (30) days from the date of the scheduled election. The report shall specify a new date for the election, which shall not be later than sixty (60) days from the scheduled date.

If no new date has been designated, or if the rescheduled election is likewise not held, the Commission may, upon the application of a stockholder or director, and after verification of the unjustifiable non-holding of the election, summarily order that an election be held. The Commission shall have the power to issue such orders as may be appropriate, including other directing the issuance of a notice stating the time and place of the election, designated presiding officer, and the record date or dates for the determination of stockholders entitled to vote.

The directors or trustees elected shall perform their duties as prescribed by law, rules of good corporate governance, and by-laws of the corporation.

Right to Vote of Secured Creditors and Administrators - In case a stockholder grants security interest in his/her shares, the stockholder-grantor shall have the right to attend and vote at meetings of stockholders, unless the secured creditor is expressly given by the stockholder-grantor such right in writing which is recorded in the appropriate corporate books.

Executors, administrators, receivers, and other legal representatives duly appointed by the court may attend and vote on behalf of the stockholders without need of any written proxy.

Voting in case of joint ownership of stock. - In case of shares of stock owned jointly by two or more persons, in order to vote the same, the consent of all the co-owners shall be necessary, unless there is a written proxy signed by all the co-owners, authorizing one or some of them or any other person to vote such share or shares; *Provided*, that when the shares are owned in an "and/or" capacity by the holder thereof, any one of the joint owners can vote said shares or appoint a proxy therefore.

Voting right for treasury shares - Treasury shares shall have no voting right as long

as such stock remains in Treasury.

VOTING PROCEDURE

In all matters to be submitted to voting which are: (1) amendment of the By-Laws; and, (2) increasing the authorized capital stock, the counting of the majority or two thirds (2/3) of the outstanding capital stock shall be by raising of hands to determine the number of shares who vote in favor of the resolution for the amendment or increase of the authorized capital stock and other incidents.

- Vote required for amended By-Laws, the owners of at least a majority of the outstanding capital stock.
- Vote required for the increase of authorized capital stock, the approval by a majority vote of the Board of Directors and two-thirds (2/3) of the outstanding capital stock.
- There is no information or fact gained that a change in control of the Registrant has occurred since the beginning of its last fiscal year. Hence, no details can be stated.

In the election of the seven (7) directors of the board, the seven (7) nominees (including the two (2) nominees for independent directors) who garner the highest votes shall each be deemed duly elected to the Board. Voting by ballot shall be supervised by a Voting Committee. However, voting by ballot shall be dispensed with upon assent of seventy per cent (70%) of the outstanding shares.

C - Security Ownership of Certain Record and Beneficial Owners and Management

(1) SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS OF MORE THAN 5% OF ANY CLASS AS OF June 30, 2020

Common Stock	PCD Nominee, Corporation G/F MSE Building 6767 Ayala Ave., Makati City (Stockholder)	Various Stockholders Clients	Filipino and Others Nationalities	33,228,565	5.093%
Common Stock	Oliverio G. Laperal, Sr.* 31 Pili Avenue, Forbes Park Makati City (Stockholder)	Owner	Filipino	546,552,070	83.763%

(2) SECURITY OWNERSHIP OF MANAGEMENT AS OF June 30, 2020

(1) Title of Class	(2) Name of Beneficial Owner	(3) Amount and Nature Of Beneficial Ownership	(4) Citizenship	(5) Percent of Class
(a) Directors and Executive Officers:				
Common Stock	Desiderio L. Laperal	1,670,000 shares (voting power and investment return (Record))	Filipino	0.256%
Common Stock	Oliverio L. Laperal, Jr.	1,580,000 shares (voting power and investment return (Record))	Filipino	0.242%
Common Stock	Jesus Vicente B. Capellan	160,000 shares (voting power and investment return (Record))	Filipino	0.025%
Common Stock	Vilma B. Villanueva	200,000 shares (voting power and investment return (Record))	Filipino	0.307%
Common Stock	Horacio M. Pascual*	175,000 Shares (voting power and investment return (Record))	Filipino	0.027%
Common Stock	Nelson G. Mendoza	10,000 shares (voting power and investment return (Record))	Filipino	0.002%
Common Stock	Genelita G. Manandic	1,000 shares (voting power and investment return (Record))	Filipino	0.000%
(b) Directors and Executive Officers as a group unnamed				
Common Stock		3,796,000 shares (voting power and investment return (Record))	Filipino	0.582%

(3) VOTING TRUST HOLDERS OF 5% OR MORE

There are no holders of voting trust agreements or of similar import.

(4) CHANGES IN CONTROL

Management continues to receive inquiries regarding possible strategic alliance or merger. However, as of the date of this report there is no formal arrangement firmed up with any person or group of persons or entities which may result in a change in control of the Registrant and, therefore, there is no material information to disclose.

D - Certain Relationships and Related Transactions

During the years 2018 and 2019, the Company records show that there were consummated transactions to which the Registrant was a party, in which a director, executive officer or stockholder owns ten per cent (10%) or more of the total outstanding shares. The following are material transactions:

1. Parent Company and Subsidiary

The Parent Company has made advances for the working capital of its subsidiary Philippine Cyber College Corp. As of December 31, 2019 and 2018 the Parent Company's advances amounted to Php23,961,934.25 and Php23,647,934.25, respectively. In accordance with the consolidation process, these have been eliminated in the consolidated financial statements.

2. Key Management Personnel

	Amount of transactions	Outstanding balance	Terms and conditions
<u>Year 2019</u>			
Short-term employee benefits	P 1,732,721	P -	There are no termination, other long-term benefits and share-based payments granted to our key management personnel for the year ended December 31, 2019.
Post-employment benefits	2,572,770	-	
<u>Year 2018</u>			
Short-term employee benefits	P 1,657,652	P -	There are no termination, other long-term benefits and share-based payments granted to our key management personnel for the year ended December 31, 2018.
Post-employment benefits	2,522,890	-	
<u>Year 2017</u>			
Short-term employee benefits	P 1,566,201	P -	There are no termination, other long-term benefits and share-based payments granted to our key management personnel for the year ended December 31, 2017.
Post-employment benefits	2,371,331	-	

There were no termination, post-employment, other long-term benefits and share-based payments granted to the key management personnel for the years ended December 31, 2019, 2018 and 2017. The Chief Executive Officer/President and Vice-President/Treasurer (Chief Financial Officer) do not receive salary from the Company but receive a monthly allowance of P5,000.00 starting last April, 2019. The members of the Board of Directors receive only per diem of Php10,000, per attendance, in the regular and special meeting of the Board. The Per Diem for the attendance in the annual stockholders' meeting followed by the organizational meeting or special stockholders meeting is Fifteen Thousand Pesos (Php15,000.00). The total amount of per diem paid in 2019, 2018 and 2017 were Php225,000, Php195,000 and Php295,000, respectively.

3. Parent Company and Imperial Development Corporation – Common Director

The Parent Company is renting its office from Imperial Development Corporation. Mr. Desiderio L. Laperal, a director and officer of the company, owns more than ten percent (10%) of the total outstanding shares of Imperial Development Corporation and is at the same time a director and officer of said corporation. The total rental expense including 12% value added tax paid during 2019 was Php635,712.00. The contract of lease expired on December 31, 2019 and was renewed for another year at a monthly rate of Php52,976 inclusive of value added tax for another year.

This is further discussed under Note 19 pages 47-52 in the Notes to Consolidated Financial Statements as of December 31, 2019.

4. Parent Company and its Subsidiary and Filipinas Golf and Country Club, Inc. – Common Director

The Parent Company and its subsidiary have a sub-lease agreement with Filipinas Golf and Country Club, Inc. for an office space of about ten (10) square meters, more or less, each, located at the second floor of an office building for a period of one year starting January 1, 2015. The monthly rental paid by each sub-lessee was

Php6,179.04 from January, 2015 to May, 2015 and Php6,434.40 from June, 2015 to December, 2015. The sub-lease agreement was renewed for another year. From January, 2016 to May, 2016 the monthly rental paid was Php6,434.40, and from June, 2016 to December, 2016 it was Php6,689.76. The sub-lease agreement was extended until the expiration of the lease contract of Filipinas Golf and Country Club, Inc. with the building owner which was May 31, 2017. FGCC renewed its contract with the building owner for another one (1) year starting June 1, 2017 until May 31, 2018. Subsequently, IRI renewed its lease contract with FGCC for another one (1) year starting June 1, 2017 to May 31, 2018 with a monthly rental of Php6,689.76 which covers water bills, parking and association dues. Again IRI renewed its lease contract with FGCC at Php7,013.89, per month, which covers water bills, parking and association dues for another one (1) year starting June 1, 2018 until May 31, 2019 after FGCC renewed its lease contract with the building owner also for another one (1) year starting June 1, 2018 until May 31, 2019. On April 6, 2019, FGCCI renewed its lease contract with the building owner for a term of three (3) years commencing on April 1, 2019 until March 31, 2022.

IRI renewed its lease contract with FGCCI for another year starting from April 1, 2019 until March 31, 2020 at Php8,915.91, per month, which covers also water bills, parking and association dues.

5. Parent Company and its Officer / Major Stockholder

The Parent Company has advances payable as of December 31, 2019 to its major stockholder, Mr. Oliverio G. Laperal, Sr. amounting to Php12,861,214.83. This payable does not have any repayment date. It is also non-interest bearing.

6. Parent Company and LTC Real Estate Corporation

In March 2016, LTC Real Estate Corp., an investor, and the Parent Entity entered into a memorandum of agreement for the prospective subscription on the shares of stocks of the Parent Entity at the prevailing par value in the amount of Ten Million Pesos (Php10,000,000) on or before December 31, 2016. The said amount shall be considered as a deposit and shall be subject to disposition, transfer and recovery by the investor. The Parent Entity has the corresponding duty to hold in trust and/or return the said amount on demand.

As at December 31, 2019, 2018 and 2017, the Parent Entity has not met all the required conditions to account the deposit as deposit for future stock subscription. Thus, the deposit is recognized as advances from shareholders under non-current liabilities in the statements of financial position.

The Parent Entity and its subsidiary do not have any guarantees of securities of other issuing entities by the issuer for which the statement is filed as at December 31, 2019.

These certain relationships and related transactions are further discussed in the Notes to the Consolidated Financial Statements under Note 19 on pages 47 to 51.

The Parent Entity and its subsidiary do not have any relationship with any parties that fall outside of the definition "Related Parties" under SFAS/IAS No. 24.

In the past three years there has been no complaint, dispute or claim against related party transactions that the Company is aware of.

Insider Trading/Material Inside Information

The Company is not aware of any case of insider trading involving any of its directors and officers in the past three years. All its directors, officers and employees are aware that the Company does not allow the unlawful use of material inside information by any of them.

ITEM 5. Directors and Executive Officers of the Company

(1) a-c.

Name	Age	Citizen-ship	Position
Atty. HORACIO M. PASCUAL	87	Fil.	Chairman of the Board
Mr. OLIVERIO L. LAPERAL, JR.	70	Fil.	President/Chief Executive Officer/ Member, Board of Director
Mr. DESIDERIO L. LAPERAL	65	Fil.	Vice President/Chief Financial Officer/Treasurer/ Member, Board of Director
Ms. VILMA B. VILLANUEVA	77	Fil.	Assistant Treasurer/Comptroller/ Chief Accounting Officer/ Member, Board of Directors
Atty. JESUS VICENTE B. CAPELLAN	53	Fil.	Corporate Secretary/ Member, Board of Directors
Ms. GENELITA G. MANANDIC* (Independent Director)	57	Fil.	Member, Board of Directors
Mr. ANTHONY NELSON G. MENDOZA* (Independent Director)	77	Fil.	Member, Board of Directors

**An "Independent Director" refers to a person other than an officer or employee of the corporation, its parent or subsidiaries, or any other individual having any relationship with the corporation, who would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

The Company has its Nomination Committee which recommends to the board those qualified to be elected as members of the board of directors. Since there was no regular annual stockholders' meeting as scheduled on July 11, 2019, due to the absence of quorum, those members of the board at that time retained their positions on hold-over basis. Subsequently, the board on the same date, held an organizational meeting wherein the above stated officers were elected.

There has been no director who has resigned nor declined to stand for re-election to the board of directors since the last three (3) years because of a disagreement with the Company on matters relating to its operations, policies and practices.

Pursuant to SEC Memorandum Circular No. 4, Series of 2017, which promotes and reinforces board independence and consistent with recognized best business practices, the following are the amended rules on the term limit of independent directors:

1. A company's independent director shall serve for a maximum cumulative term of nine (9) years;
2. After which, the independent director shall be perpetually barred from re-election as such in the same Company, but may continue to qualify as a non-independent director;
3. In the instance that a Company wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification(s) and seek shareholders' approval during the annual stockholders' meeting; and,
4. Reckoning of the cumulative nine-year term is from 2012.

All directors are aware of the requirements of the Securities and Exchange Commission regarding the purchase and/or sale of their Company shares which are covered by SEC Form 23 A/B and 18A/18AS. During the year 2019 no director purchased or sold any shares of the Company.

The term of office of the directors is one year. The period during which the directors and officers have served the Company is presented in their respective resume attached to and forming part of this report.

- d. A summary of the business experiences during the past five (5) years of each of the above-named directors are shown in their respective resume attached to this report as ANNEX "C".

(2) Significant Employees

The Company views its human resources as an important factor in its operations, however, the Company is not highly dependent on the services of any key personnel, hence, no arrangement has been made with respect to any person who will remain with the Company and perceived to compete upon termination. Employees who resign or terminated are required to sign a quitclaim stating among others that they are binding themselves not to divulge any information or trade secrets which they have learned or which have come to their knowledge in confidence and which if revealed would be prejudicial to the Company.

(3) Family Relationship:

Mr. Oliverio L. Laperal, Jr., Chief Executive Officer/President, and Mr. Desiderio L. Laperal, Vice-President and Chief Financial Officer are the children of Mr. Oliverio G. Laperal, Sr.(+), former President and Chief Executive Officer and a major stockholder.

(4) Involvement in Certain Legal Proceedings (Occurred during the past five (5) years and Material to Evaluation)

During the past five (5) years or since January 1, 2014 up to the present, the Company is not aware of any legal proceedings of such nature that are material to the evaluation of its present Directors/Officers, namely: Desiderio L. Laperal, Oliverio L. Laperal, Jr., Jesus Vicente B. Capellan, Horacio M. Pascual, Vilma B. Villanueva, Anthony Nelson G. Mendoza and Genelita G. Manandic. Further -

- a. The Company is not aware of any bankruptcy petition filed by or against any business which any of the above-mentioned directors or officers was a general partner or executive officer at anytime within five (5) years;
- b. The Company is not aware of any conviction by final judgment for any offense, domestic or foreign, or being the subject of a pending criminal proceeding of any of the above-mentioned directors or officers;
- c. The Company is not aware of any order, judgment or decree, not subsequently reversed, suspended, or vacated, by any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any of the above-mentioned directors or officers in any type of business, securities, commodities or banking activities;
- d. The Company is not aware of any finding 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, that any of the above-mentioned directors or officers has violated a securities or commodities law or regulation and said judgment has not been reversed, suspended or vacated.

While there are cases in which Mr. Desiderio L. Laperal and Mr. Oliverio L. Laperal, Jr., are joined as parties-litigants, said cases do not directly or indirectly concern or pertain to the registrant corporation Imperial Resources Incorporated and its subsidiary but are cases which included them as representatives or individually outside of Imperial Resources Incorporated and its subsidiary. Please see the list of cases hereto attached as Annex "B".

Number of Independent Directors

All companies are encouraged to have independent directors. However, issuers of registered securities and public companies are required to have at least two (2) independent directors or at least twenty percent (20%) of its board size, whichever is lesser. Provided

further that said companies may choose to have more independent directors in their boards than as above-required.

The nominees for election as Independent Directors of the Board of Directors on September 03, 2020 are as follows:

Nominees of Independent Directors	Person/Group Recommending Nomination	Relation of (a) and (b)
(a)	(b)	
Mr. Anthony Nelson G. Mendoza	Mr. Oliverio L. Laperal, Jr.	None
Ms. Genelita G. Manandic	Atty. Jesus Vicente B. Capellan	None

C. Nominees for Election as Members of the Board of Directors.

For the year 2019, the Chairman of the Nomination Committee is Atty. Jesus Vicente B. Capellan, with the following members, Mr. Oliverio L. Laperal, Jr. and Ms. Genelita G. Manandic, as Independent Director.

The nominees for election of the Board of Directors on September 03, 2020 are as follows:

1. Atty. Horacio M. Pascual
2. Mr. Desiderio L. Laperal
3. Mr. Oliverio L. Laperal, Jr.
4. Ms. Vilma B. Villanueva
5. Atty. Jesus Vicente B. Capellan
6. Ms. Genelita G. Manandic (Independent Director) and
7. Mr. Anthony Nelson G. Mendoza (Independent Director)

ITEM 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

(a) General and Summary Compensation Table
ANNUAL COMPENSATION

(a) Name and Principal Position	(b) Year	(c) Salary (P)	(d) 13 th Month/ Bonus (P)	(e) *Other Annual Compensation
Oliverio L. Laperal, Jr. President / Chief Executive Officer	2018	No Compensation	-	25,000.00
	2019	No Compensation	-	25,000.00
	Apr. 2019	Allowance - 45,000.00	3,750.00	-
	2020	No Compensation	-	35,000.00
	2020	Allowance - 45,000.00	3,750.00	-
Desiderio L. Laperal Chief Financial Officer/ Vice-President/Treasurer	2018	No Compensation	-	35,000.00
	2019	No Compensation	-	35,000.00
	Apr. 2019	Allowance - 45,000.00	3,750.00	-
	2020	No Compensation	-	35,000.00
A. Jesus Vicente B. Capellan Corporate Secretary	2018	300,000.00	25,000.00	35,000.00
	2019	300,000.00	25,000.00	35,000.00
	2020	300,000.00	25,000.00	35,000.00
B. Vilma B. Villanueva Assistant Treasurer/	2018	513,096.00	42,758.00	35,000.00
	2019	513,096.00	42,758.00	35,000.00

Comptroller	2020	513,096.00	42,758.00	35,000.00
C. Bernadette S. Magahis Secretary to the President/CEO	2018	474,456.00	39,538.00	-
	2019	474,456.00	39,538.00	-
	2020	474,456.00	39,538.00	-
D. All Other Officers and Directors as a group	2018	-	-	125,000.00
	2019	-	-	65,000.00
E. Unnamed	2020	-	-	95,000.00

** The "Other Annual Compensation" column represents the per diem paid to all the members of the Board of Directors for their attendance in the regular and special meetings of the Board.
For the year 2020, the figures under columns (c), (d) and (e) are estimated figures only.

(3) Compensation of Directors

Except for the two (2) directors who receive a monthly allowance of Php5,000.00 each starting April, 2019 the Members of the Board of Directors do not receive fixed compensation but are given *per diem* for every attendance in the regular and special meeting of the Board of Directors of Ten Thousand Pesos (Php10,000.00). The *per diem* for the attendance of each member in the annual stockholders' meeting followed by the organizational meeting or special stockholders' meeting is Fifteen Thousand Pesos (Php15,000.00).

During the year 2019, there were two (2) regular and special meetings of the Board of Directors, and among the directors there were two (2) absences recorded.

Other than the standard arrangements pursuant to which the directors of the Registrant are compensated, there are no other arrangements nor consulting contracts, pursuant to which any director of the Registrant was compensated, or is to be compensated, directly or indirectly, during the Registrant's last completed fiscal year and the ensuing year, for any service provided as a director. Other than the *per diem* paid, there are no other arrangements, bonuses, profit sharing, or other similar plans, which arrangements forming part of the compensation, hence, the details being asked could not be discussed nor disclosed.

(4) Employment Contracts and Termination of Employment and Change-In-Control Arrangements.

There are no employment contracts and termination of employment and change-in-control arrangements, hence, the details being asked could not be discussed or disclosed.

(5) Warrants and Stock Options of Officers and Directors

During the year covered by this report up to date of this report, none of the Officers or Directors are recipient of stock options, warrants or rights.

ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS

As stated in the information statement under "Other Events" and in compliance with the principles of good corporate governance and best business practices, the Board constituted committees, which are the (1) Nomination Committee (2) Audit Committee and (3) Compensation and Remuneration Committee, through the process of election during organizational meeting of the officers of the Company. The term of the elected members is for one (1) year. The election of candidates takes into consideration the qualifications and disqualifications of nominees. Each of the three (3) Committees is composed of three (3) members of the board, one of whom shall be an independent director and shall have adequate understanding or competence of the Company's financial management system and environment. For the year 2019, the Chairman of the Audit Committee is Ms. Genelita G. Manandic, Independent Director, with following member, Mr. Desiderio L. Laperal, and Atty. Horacio M. Pascual.

(a) In December 2010, the Group engaged the services of Villaruz, Villaruz & Co., CPAs, with office address at Unit 3, Level 9, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, Metro Manila, to audit the financial statements of Imperial Resources Incorporated (Parent Corporation) and Philippine Cyber College Corp. (Subsidiary) as at December 31, 2010. Said auditing firm audited the financial statements of the Parent Corporation and its Subsidiary for the succeeding years.

Representatives of Villaruz, Villaruz & Co., CPAs, are expected to be present at the annual stockholders' meeting with an opportunity to make statement, if they so desire, and will be available to entertain appropriate questions.

(b) In conformity with Section D, Item VIII of the Company's Manual on Corporate Governance (Manual), the handling partner of Villaruz, Villaruz & Co., CPAs, as the Company's independent auditor, shall be changed every five (5) years or earlier. For the years 2010 to 2013, inclusive, the signing partner was Mrs. Normita L. Villaruz and for the years 2014 to 2018, the signing partner is Mr. George V. Villaruz. For the year 2019, the signing partner is Mrs. Normita L. Villaruz. The Group will rotate the signing partner of its external auditors at least every five (5) years to comply with the requirements of SRC Rule 68 (3)(b)(iv).

1. No case of independent accountant who declined to stand for re-election after completion of the current audit or was dismissed.

ITEM 8. COMPENSATION PLANS

No action shall be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

- a. The Company has no stock options, warrants or rights;
- b. Likewise, there is no other type of compensation plan;
- c. There is no compensation plan which has been taken up.

Thus, the details being asked could not be discussed nor disclosed. In the same manner no other type of compensation plan, consequently, no details can be discussed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

ITEM 9. AUTHORIZATION OR ISSUANCE OF SECURITIES OTHER THAN FOR EXCHANGE

No action will be taken with respect to the authorization or issuance of any securities otherwise for exchange for outstanding securities of the Registrant. Hence, no information required by Part III paragraph (B) of Annex "A" can be given.

ITEM 10. MODIFICATION OR EXCHANGE OF SECURITIES

No action will be taken with respect to the modification of any class of securities of the Registrant or the issuance or authorization for issuance of one class of securities of the Registrant in exchange for outstanding securities of another class.

All other instruction contained in letters (a) through (g) are not applicable.

ITEM 11. FINANCIAL AND OTHER INFORMATION

(a) Information required.

No other action will be taken with respect to any matter specified in ITEM 9 or ITEM 10, hence, the information required in numbers 1, 4 and 5 with the exception of management

discussion and analysis and plan of operation will be included in this information. Representatives of the principal accountants are expected to be present at the security holders meeting where they have the opportunity to make a statement, if they so desire, or are expected to respond to relevant queries which are presented or submitted.

ITEM 12. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS

No action will be taken with respect to any transaction involving merger, consolidation, acquisition or similar matters, hence, the discussion with respect to the details thereto cannot be given.

All matters asked concerning letters (a), (b), and (c) cannot be given owing to the absence of transactions.

ITEM 13. ACQUISITION OR DISPOSITION OF PROPERTY

No action will be taken with respect to the acquisition or disposition of any property, hence, no information can be given on the matters asked in (a) to (d).

ITEM 14. RESTATEMENT OF ACCOUNTS

No action will be taken with respect to the restatement of any asset, capital or surplus account of the Registrant, hence, no information on matters asked can be given.

D. OTHER MATTERS

Suggestions and/or proposals are open to all stockholders of record.

ITEM 15. ACTION WITH RESPECT TO REPORTS

All minutes of meeting of the Directors are included in Item 8 of the agenda. Likewise, all reports of its directors, officers, or committees are included in the minutes of meetings of the security holders. Specifically, the -

1. Approval of the Minutes of the regular annual stockholders' meeting held on July 11, 2019.
2. Approval by the stockholders of the Annual Report and the Financial Statements of the Company as of December 31, 2019.
3. Election of seven (7) members of the Board of Directors inclusive of two (2) Independent Directors.
4. Ratification of the appointment of Villaruz, Villaruz & Co. CPA's as Independent Auditor of Imperial Resources, Incorporated with business address at Unit 3 Level 9 Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, Metro Manila.
5. Ratification of all acts, contracts, resolutions, and proceedings of the Board of Directors and Corporate Officers acting within the scope of their designated authority, from July 11, 2019 Annual Stockholders' Meeting until the present July 09, 2020, are included in said reports. These refers to acts, contracts, and proceedings of the Board of Directors and Corporate Officers which shall be approved and thenceforth, ratified by the security holders. All actions of the Board of Directors shall be approved in the annual stockholders' meeting.

Such matter intended for approval or disapproval of any action to be taken have been acted upon in the resolutions passed and approved in the meetings and after proper discussion of the Board, Committees of the Board.

As stated, such matter intended for approval or disapproval have already been acted upon, to a vote of security holders, or by immediate action as called for.

ITEM 16. MATTERS NOT REQUIRED TO BE SUBMITTED

No action is to be taken with respect to any matter which is not required to be submitted to a vote by security holders.

ITEM 17. AMENDMENT OF CHARTER, BY-LAWS OR OTHER DOCUMENTS

No pending proposals for amendment of the charter, by-laws or other documents which may be submitted to a vote by security holders.

ITEM 18. OTHER PROPOSED ACTION

No other proposed action will be taken up with respect to any matter for the approval of the proposed exchange of shares of stock with real estate whose appraised value is less than ten (10%) percent of increased capital stock of the corporation.

ITEM 19. VOTING PROCEDURES

For election of directors, the seven (7) nominees receiving the highest number of votes shall be declared elected. For other proposals or matters submitted to a vote, the majority of the *quorum* except when otherwise provided by law, shall be sufficient for its approval.

Counting of the *Ayes* and *Nays* or showing of hand shall be the method by which the votes will be counted unless a stockholder requires balloting in which case, the casting of votes of the stockholders shall be by the ballots. Votes shall be counted by the representatives of the external auditor, Villaruz, Villaruz & Co., CPA's and the Corporate Secretary, Atty. Jesus Vicente B. Capellan, who shall serve as members of the Committee on Election.

INCORPORATION BY REFERENCE

Incorporated hereto, by reference as **Annex "A"** is the Management Report; **Annex "B"** is the lists of cases where Mr. Oliverio L. Laperal, Jr. and Mr. Desiderio L Laperal are joined as parties-litigants and which are outside of or extraneous to Imperial Resources Incorporated; **Annex "C"** is the Resume of directors and officers; **Annex "D"** is the Quarterly Report 17-Q as of March 31, 2020; **Annex "E"** is 2019 Audited Consolidated Financial Statements as at December 31, 2019 of Imperial Resources Incorporated; and, **Annex "F"** is the Certification of Independent Directors.

PART II

SIGNATURE

After reasonable inquiry and to the best of my knowledge, I certify that the information set forth in this report are true, complete and correct. This report is signed in Makati City on July 27, 2020. The Issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

IMPERIAL RESOURCES INCORPORATED
Issuer

July 27, 2020
Date

JESUS VICENTE B. CAPELLAN
Corporate Secretary

ANNEX "A"**MANAGEMENT REPORT:****BUSINESS AND GENERAL INFORMATION****PART 1 - BUSINESS****(A) Description of Business -****1. Business Development**

On September 5, 1969, Imperial Resources Incorporated (the Company or Registrant), was incorporated in the Philippines. The principal purpose of the is to engage in mining and oil exploration business. Its capitalization was Php25 million with Php0.01 par value per share or 2.5 billion common shares of stock. In 1970 the shares of the Company were listed in the Philippine Stock Exchange. Pursuing its primary purpose the Company conducted an onshore drilling in Badian, Cebu. This did not result to a discovery of gas and oil. Thereafter, the Company participated in twelve (12) offshore oil drilling in the South Sulu Sea and Reed Bank area in partnership with three (3) internationally-renowned oil companies despite its limited resources. Again, there was no commercial oil or gas discovery in all its offshore drillings. The Company decided to close its mining and oil exploration projects.

In 2000, the Company amended its articles of incorporation making the business of Information Technology (IT) among its purposes while retaining its mining and oil exploration purposes. In line with this, the Company established Philippine Cyber College Corp. (PCCC) as its 99% percent owned subsidiary which operated two (2) I.T. learning centers, one in Baguio City and another at Malolos City, Bulacan until the end of school year 2007 to 2008.

In 2007, after the approval of the Board of Directors, the stockholders and finally, the Securities and Exchange Commission (SEC), the change of the par value of the Company's common shares of stock from Php0.01 to Php5.00 was implemented in the Philippine Stock Exchange (PSE).

In 2009, after closing the two (2) I.T. learning centers, PCCC opened its techno-vocational training project in Pasay City to train students to become world class welders. However, it operated only until the latter part of 2009.

A Memorandum of Agreement was executed in January 2009 between the Company and P.T. Aspal Buton Nasional, an Indonesian company, which owns about 2,900 hectares of Asphalt Mining Concession in Sulawesi, Indonesia whereby the Company was given exclusive rights to explore and evaluate the mining property and subsequently to exploit, develop and bring it to commercial production. Series of geophysical and geologic studies and surveys were conducted in the ensuing years as basis for the preparation of a Project Feasibility Report.

In 2015, the Company received proposals to venture into silica sand mining to address the demand of manufacturer for flat glass and glass bottles. A project cost study was presented to the Company for analysis, discussion, evaluation and consideration. Thereupon, initial findings show that the project appear to be financially viable and promising.

The Company, however, after making further studies for sustainability of the project owing to the latest environmental policies, restrictions, regulations and pronouncements made by the various government agencies on mining and the local peace and order situation in the proposed silica sand mining sites the management has decided to keep the project on hold temporarily.

The Company since its incorporation, has never experienced bankruptcy, receivership or similar proceeding because the majority stockholders have committed to support financially the Company's operations through payments of their unpaid subscription even in the absence of a formal call by the Board of Directors and cash advances needed. There are no new material classification, merger, or purchase or sale of a significant amount of assets not in the

ordinary course of business.

On March 29, 2011, the Board of Directors held a special meeting wherein the change of *par value* of the shares of stock of the Company from Five Pesos (Php5.00) to One Peso (Php1.00), per share, was approved. This was subsequently ratified by the stockholders representing at least two-thirds (2/4) of the outstanding capital stock during the regular annual stockholders' meeting held on July 14, 2011.

On March 28, 2016, the Board of Directors held a special meeting wherein the declassification of the shares of stock of the Parent Company from Common Class 'A' and Class 'B' to Common Stock voting shares was approved. This was subsequently confirmed and ratified by the stockholders during regular annual stockholders' meeting on July 14, 2016.

The change of *par value* and the declassification of the Class 'A' and Class 'B' shares of stock into Common stock were approved by the SEC on February 10, 2017 while the PSE implemented the said changes on February 22, 2017.

2. Business of Issuer

a. Mining

a.1. Asphalt

The Company conducted geologic and geophysical (Electric Resistivity) surveys in 2009 on approximately two hundred (200) hectares and one thousand seven hundred (1,700) hectares, all located in Buton Island, southwest of Sulawesi Province in Indonesia the result of which was promising.

In August, 2010 the Company furnished a few samples of rocks gathered from the mining property to Toyo-Union Co. Ltd. (TUCL) and expressed an intention to have a business association with them, subject to some terms and conditions, including confidentiality and exclusivity rights reserved for the Company. This was firmed up through a Memorandum of Agreement signed on September 13, 2010. During 2011, the engineers and geologists of TUCL together with the engineers from Aspal Buton Nasional were able to go to the asphalt concession areas and collected about sixty (60kg) kilos of samples and TUCL were able to bring samples to Tokyo. However, this project with TUCL did not prosper.

During the second half of 2011, the two asphalt concessions were expiring. However, because of the significant geophysical electric resistivity survey arranged and conducted by Aspal Buton Nasional, and funded by the Company, approval for extension of the exploration concession for additional period of two (2) years was obtained. In 2013, the Company was able to secure another extension of the lease of its mining concession.

In 2011, the Company has spent US\$220,000 for additional geologic work(s) studies needed for the preparation of the project feasibility report and environmental impact report required pending conversion of PT Aspal Buton Nasional Exploration permit to Development and Exploitation permit. In 2012, the Company spent US\$120,000 for more geological works/studies. The Project Feasibility Report and Environmental Impact Report written in Bahasa Indonesia upon completion were submitted to the Indonesian authorities for approval. The Company funded the translation of the Project Feasibility Report and Environmental Impact Report from Bahasa Indonesia to English in 2012 and was completed in 2013. These English version reports will be used by the Company in looking for and negotiating with foreign investors for possible tie-up or capital funding considering that this project entails a huge capital outlay.

In 2014, the Company spent US\$50,000 for obtaining informal approval for exploitation concession of the 1,722 hectares located at Waangu-Angu area and US\$52,000 for the preparation of the required technical report on post-production program to restore most of the mined-in areas to usable condition.

In 2015, the Company remitted US\$99,250 to Mr. Eddy Surohadi for the account of P.T. Aspal Buton and P.T. Indominas to cover the budget required for various technical and tax expenses on the CNC (Clean and Clear Certificate) IUP Production Program for the

coverage area of 1,722 hectares located at Waangu-Angu area.

Up to the present, the Company is awaiting a progress report from the Indonesian partners and submission of additional budget needed regarding its application for formal approval for the exploitation concession of the above stated area before it releases additional funds.

On March 16, 2017, in the special meeting of the Board of Directors, it was resolved that while the Company is proceeding with caution and at the same time re-evaluating its Indonesian mining project owing to the precipitous fall in the world price of crude, the Company is at present inclined to pursue the said project especially so that the Indonesian partners have been continuously looking for foreign partners to invest capital needed after they have secured formal approval of the exploitation concession because of its viability. Furthermore, an in depth study and evaluation, shall be made on silica mineral mining venture as priorly been proposed and discussed. Towards this end, the Laperal family and LTC Real Estate Corporation committed to support and fund the said projects.

a.2. Precious Metals

On January 17, 2010, the Company signed a Memorandum of Agreement with PT. Indominas, an Indonesian Company duly organized and existing under the laws of the Republic of Indonesia, with principal office address at JL. Klampis Anom II/29, Surabaya, Indonesia (referred to as Claimowners). After January 17, 2010, the Claimowners expect to be granted of Mining Rights by the government state corporation Perusahaan Daerah (Perusda) Pd. Utama Sultra of South East Sulawesi of the Republic of Indonesia, covering an approximate 4,779 hectares mining exploration concession at South East Sulawesi Province, of the Republic of Indonesia. The Claimowners granted the Company the exclusive rights to do preliminary studies before choosing the area to be developed. If the results of the studies are favorable, the Company shall pay another US\$170,000 upon approval of the conversion of the selected areas into exploration concession. Within thirty (30) days after the Claimowners shall have obtained and delivered all government approvals, permits, extensions and licenses, the Company at its sole expense, shall start geological and geophysical surveys on the mining concessions for the purpose of determining the potentials for commercial operations, development and exploitation of the above-mentioned mining concessions. In 2010, preliminary studies on the said area have started. The preliminary geologic survey on the proposed subject area indicated possible deposits. Outside and a bit far from the subject area there are many gold panners. The Company is also evaluating the peace and order situation in the area. After evaluating several factors, the Company will have a better total picture on the business prospects of the gold mining project.

Several years ago our Company was invited to operate in Papua New Guinea. The prospects are interesting but we are cautious. The area is a semi-autonomous region controlled by former anti-government rebels. Companies from China have established presence in the area and are reportedly involved in basic infrastructure projects and in mining. We will look for a strategic partner before we commit to Papua New Guinea.

b. Information Technology (IT) Related Business

b.1. I.T. Education

b.1.a. Description

PCC's IT learning centers in Baguio City (PCC-Baguio) and Malolos, Bulacan (PCC-Malolos) started operations in 2001. These two learning centers were accredited with the Technical Education and Skills Development Authority (TESDA). The methodologies and teaching curriculum of the two learning centers were patterned after Singapore's "higher

educational system for Information Technology" which was prepared by Tata Conglomerate Group (TATA) from India. PCC's educational system was drawn under the supervision of TATA and the University of Santo Tomas (UST).

PCC-Baguio and PCC-Malolos gained accreditation to offer courses for CISCO, Microsoft, Oracle and Sun Microsystems. Relative to its accreditation with CISCO, both centers entered into a CISCO Networking Academy "Local Academy Agreement" with UST, a CISCO Regional Academy. PCC-Malolos was named one of the two best CISCO local academies in the Philippines in 2005. This agreement was not renewed after the two centers temporarily suspended their operations. The other courses offered were Web Developer, Data Developer, Server Back-End Management, Business Automation Provider, E-Commerce Programming and Network Management and Administration.

The Company's awareness of its social responsibility was shown by PCC-Malolos working in partnership with the Provincial Government of Malolos, Bulacan through its "Joint Livelihood Project" by offering its IT courses to less fortunate students of Bulacan at a much lower cost. All students who graduated under this program got employment. Unfortunately, this program was terminated by the Bulacan government in May 2007.

During the years that the two learning centers operated, they produced highly competent graduates who were able to land good paying jobs locally and abroad. Because of the continuous losses incurred by the two learning centers, their operations were suspended at the end of school year 2007-2008.

c. Technical-Vocational Education, Training and Assessment Project

c.1.a Description

In March 2008, PCC put up training facility in Pasay City focused on Applied Metals Engineering Skills requirements starting with the development of First Class welders in Submerged Metal Arc Welding (SMAW) or stick welding; Tungsten Inert Gas Welding (TIG also called Gas Tungsten Arc Welding or GTAW) for stainless steel, aluminum and other special alloys; and Gas Metal Arc Welding (GMAW) for continuous welds. In the following year after this training facility secured its accreditation with Technical Education and Skills Development Authority (TESDA) it started operating.

During 2009 there were about a hundred students under the TESDA PGMA Scholarship Program who successfully passed the independent TESDA-approved Assessor's assessment program. Most of them gained employment abroad through TESDA. About twenty-one (21) of them were recommended by TESDA for employment with Negros Navigation. TESDA temporarily cut its PGMA Scholarship Program when funds were depleted. Since this was the mainstay of welding schools for sustaining their operations and PCC's marketing efforts with shipping establishments and placement agencies did not bear fruit it was forced to suspend its operations. Management has finally decided to phase-off its Techno-Vocational Project. It has concentrated its financial resources on the development of its Indonesian mining project and will focus its efforts and resources on the more promising economic and financially lucrative Indonesian mining project.

The Company has no reported income since PCC suspended its operations in 2009.

On March 20, 2013, at the meeting of the Management Committee, wherein all members who are also directors were present and representing majority of the members of the Board of Directors, unanimously resolved and approved the dormant status of the Company due to its non-operation since 2010 and because of the significant losses incurred by the Company.

The Parent Company has committed to continue providing financial support to the Company for its working capital and payment of all its debts upon their maturity. Given the financial condition of the Company, the Parent Company does not demand immediate repayment of its advances to the Company.

In 2015, the Company has entertained inquiries or proposals to lease its building in Baguio City. The management is hoping to have the building rented out in 2016 and is

looking at rental income of about Thirty Five Thousand Pesos (Php35,000) per month. Consequently, the Company has changed its basis of accounting from liquidation basis to going-concern basis.

For the years 2015 and 2016, the Company entertained inquiries or proposals to lease its building in Baguio City. The management was looking at rental incomes but no avail. Consequently, the Company changed its basis of accounting from liquidation basis to going-concern basis.

In 2016, an interested party proposed to rent the building to be used as its marketing office For Thirty-Five Thousand Pesos (Php35,000.00), per month. However, due to the change of marketing plans of the prospective lessee the lease agreement was not finalized. Early in 2018, an interested party made an offer to lease the building to be used as a primary school for Forty Thousand Pesos (Php40,000.00), per month. However, the negotiations bogged down.

Despite the presence of a caretaker to prevent informal settlers to enter and use the building as their dwelling place and as additional deterrent, management in 2013 decided to allow the Philippine National Police Internal Affairs Services (PNP-IAS) to use a portion of the ground floor as its office for free. During the latter part of 2018 the PNP-IAS moved out of the property. In 2019, the management repaired and repainted the building in order to better attract potential lessees considering its good location. Management has been receiving inquiries regarding the lease of said building. Management is confident the it can find a lessee in year 2020, thus, making the building an income-generating asset.

The Company and PCC are not holding any patent, trademark, copyright of franchise.

GOVERNMENTAL APPROVAL, REGULATIONS AND ENVIRONMENTAL LAWS

The Company and PCC are committed to follow governmental laws and regulations governing the conduct of its operations. As of this report, management is not aware of any existing or probable government regulation which has or will have a great impact on the business. There is no environmental or mining law in the Philippines that significantly affects the projects of the Company at present or in the near future, since it does not have approved mining claim in the country. Since the Company is still in the pre-development and pre-exploration stage, and its mining project is located in Indonesia, no material cost is likely to be incurred as regards this matter.

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES

The Company has not been totally dependent on any single or few suppliers of equipment and materials in its operations. Likewise, continuous operation does not depend on any one director or officer.

The Company has adopted a Material Related Party Transactions Policy (the "Policy") pursuant to SEC Memorandum Circular No. 10, Series of 2019.

1. Purpose.

This Policy on material related party transactions aims to promote good corporate governance and afford additional protection to minority investors by ensuring that transactions between related parties are accounted for at arm's length prices or on terms similar to those afforded to non-related parties in an economically comparable market.

2. Related Parties.

For purposes of this Policy, the term "related parties" shall cover the following:

- 2.1. The Company's directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, if they have control, joint control or

significant influence over the Company.

A *substantial shareholder* is any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of the Company's equity security.

- 2.2. The Company's parent, subsidiary, fellow subsidiary, affiliate, associate, joint venture or entity that is controlled, jointly controlled or significantly influenced by a person who is a related party.

An *affiliate* is an entity linked directly or indirectly to the Company through any one or a combination of any of the following:

- 2.2.1. Ownership, control or power to vote, whether by permanent or temporary proxy or voting trust, or other similar contracts, by a company of at least ten percent (10%) or more of the outstanding voting stock of the Company, or vice-versa;
- 2.2.2. Interlocking directorship or officership, except in cases involving independent directors;
- 2.2.3. Common stockholders owning at least ten percent (10%) of the outstanding voting stock of the Company and the entity; or,
- 2.2.4. Management contract or any arrangement granting power to the Company to direct or cause the direction of management and policies of the entity, or vice-versa.

An *associate* is an entity over which the Company holds twenty percent (20%) or more of the voting power, directly or indirectly, or which the Company has significant influence.

- 2.3. The Company shall have a *Related Party Registry*, which is a record of the organizational and structural composition, including any change thereon, of the Company and its related parties. The Board of Directors shall quarterly review and update the Related Party Registry to capture organizational and structural changes in the Company and its related parties.

3. Coverage.

- 3.1. This Policy shall cover all of the Company's material related party transactions, either individually, or in aggregate over a twelve (12) month period with the same related party, amounting to ten percent (10%) or higher of the Company's total assets based on the latest audited financial statement.
- 3.2. All other transactions of the Company with related parties that do not meet the ten percent (10%) threshold provided above are excluded from the coverage of this Policy, except as otherwise stated herein.
- 3.3. Transactions amounting to ten percent (10%) or more of the total assets that were entered into with an unrelated party that subsequently becomes a related party are excluded from this Policy. *Provided*, any alteration to the terms and conditions, or increase in exposure level, related to these transactions after the non-related party becomes a related party shall subject the material related party transaction to the requirements of this Policy and the Rules on Material Related Party Transactions for Publicly-Listed Companies. *Provided, further*, that the prospective treatment shall be without prejudice to regulatory actions that may be enforced for transactions noted to have not been conducted on an arm's length basis.

4. **Management of Actual or Potential Conflicts of Interest.**

- 4.1. The directors and officers of the Company with actual or potential personal interest in any material related party transaction shall fully and timely disclose to the Board of Directors any and all material facts, including their respective interests therein.
- 4.2. The directors and officers of the Company with actual or potential personal interest in the material related party transaction shall abstain from the discussion, approval and management of such transaction or matter affecting the Company. In case there is refusal to abstain, their attendance shall not be counted for purposes of assessing the *quorum* and their votes shall not be counted for purposes of determining majority approval.

5. **Guidelines in Ensuring Arm's Length Terms.**

- 5.1. A material related party transaction shall be deemed at arm's length term if there is no preferential treatment given to related parties that are not extended to non-related parties under similar circumstances.
- 5.2. All material related party transactions shall be accounted for at fair market prices and terms that are similar to those afforded to non-related parties in an economically comparable market.
- 5.3. Before the execution of the material related party transaction, the Board of Directors shall appoint an external independent party to evaluate the fairness of the terms of the transaction. Such external independent party may include, but is not limited to, auditing/accounting firms, third party consultants and appraisers.
- 5.4. The Board of Directors shall always ensure that there is an effective price discovery mechanism to guarantee that material related party transactions are engaged into at terms that promote the best interest of the Company and its shareholders. The price discovery mechanism may include, but is not limited to, acquiring the services of an external expert, opening the transaction to a bidding process, or publication of available properties for sale.

6. **Approval of Material Related Party Transactions.**

- 6.1. All individual material related party transactions shall be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the independent directors voting to approve the transaction.
- 6.2. In case the majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.
- 6.3. The foregoing board approval is also required for aggregate material related party transactions within a twelve (12) month period that breaches the materiality threshold of ten percent (10%) of the Company's total assets.
- 6.4. The directors with personal interest in the material related party transaction shall abstain from participating in the discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purpose of assessing the *quorum* and their votes shall not be counted for purposes of determining approval.

7. **Self-Assessment and Periodic Review of Policy.**

- 7.1. The Company's *Internal Audit* shall conduct a periodic review of the effectiveness of the Company's system and internal controls governing material related party transactions to assess consistency with the board-approved policies and procedures. The resulting audit reports, including

exceptions or breaches in limits, shall be communicated directly to the Audit Committee.

- 7.2. The Company's Compliance Officer shall ensure that the Company complies with relevant rules and regulations and is informed of regulatory developments in areas affecting related parties. He/she shall aid in the review of the Company's transactions and identify any potential material related party transaction that would require review of the Board. He/she shall ensure that the Company's material related party transactions policy is kept updated and is properly implemented throughout the Company.

8. Disclosure of Material Related Party Transactions.

- 8.1. The members of the Board, substantial shareholders, and officers shall fully disclose to the Board of Directors all material facts concerning material related party transactions as well as their direct and indirect financial interest in any transaction or matter that may affect or is affecting the Company.
- 8.2. Such disclosure shall be made at the board meeting where the material related party transaction will be presented for approval and before the completion or execution of the transaction.

9. Whistle Blowing Mechanism.

- 9.1. As a measure of to avert any artifice, device, scheme, mechanism or fraud, the Company hereby adopts the following whistle blowing mechanism for material related party transactions:
 - 9.1.1. All stakeholders are encouraged to communicate, confidentially and without risk of reprisal, legitimate complaints or concerns about illegal, unethical or questionable material related party transactions;
 - 9.1.2. The complaint or concern shall be in writing, addressed to the Audit Committee, and signed by the complaining party. Provided, however, that the Company may entertain anonymous complaints if the Board of Directors finds the same sufficient in form and substance;
 - 9.1.3. The Audit Committee shall, within five (5) days from receipt of the complaint or concern, inform the Board of Directors and the Compliance Officer of the existence of such complaint or concern;
 - 9.1.4. The Audit Committee shall, within fifteen (15) days after giving notice to the Board of Directors, conduct an investigation of the complaint or concern. An additional period of fifteen (15) days may be granted by the Board of Directors upon showing of good cause by the Audit Committee. In the conduct of the investigation, the Audit Committee may seek the assistance of the Compliance Officer;
 - 9.1.5. The Audit Committee shall submit a report of its investigation, including its findings and recommendations, to the Board of Directors, within ten (10) days from the conclusion of its investigation;
 - 9.1.6. The Board of Directors shall review the report within twenty (20) days from receipt thereof, and shall make its decision thereon, including the imposition of the appropriate sanctions, copy furnished the Compliance Officer;
 - 9.1.7. The Compliance Officer shall ensure that the resolution of the complaint or concern is in accordance with the applicable laws, rules, regulations, and policies of the Company;

10. Remedies for Abusive Material Related Party Transactions.

- 10.1. Abusive material related party transactions refer to material related party transactions that are not entered at arm's length and unduly favor a

- related party.
- 10.2. In the event that a material related party transactions is found to be abusive by the Board of Directors, the Company shall discontinue with such transaction by serving the corresponding written notice to the related party concerned, which shall include a demand for recovery of the losses or opportunity costs suffered by the Company arising out of or in connection with such abusive material related party transaction.
 - 10.3. The directors, officers or personnel, who have been found to be remised in their duties in handling the material related party transactions in accordance with this Policy shall be imposed the appropriate penalty, which may include suspension or removal from office, depending on the gravity of the offense committed. In addition, such director, officer or personnel shall be solidarily liable for the losses or opportunity costs suffered by the Company arising out of or in connection with such abusive material related party transaction.

COMPANY OFFICE STAFF

As at the end of 2018 there were eight (8) active employees of the Company of which seven (7) of them are working full time. There were six (6) employees under Operations. Two (2) employees resigned in 2019 leaving six (6) employees all under operations including the President and Vice-President there were eight (8). Management is presently evaluating the need for hiring replacements because of the COVID-19 pandemic.

The Company's regular employees are entitled to 13th month pay, SSS, Philhealth and Pag-ibig Fund benefits including medical and dental assistance and separation pay as provided for by law.

In October, 2018 the Company decided to give its employees a 14th month pay to help them cope with the unabated increase in the cost of fuel and basic necessities as a result of the TRAIN-Law. However, this was not a continuing benefit. There was no such benefit given to its employees in 2019. Except for a non-contributory retirement pay benefit computed according to the requirements of R.A. 7641 known as "Retirement Pay Law" there are no profit-sharing benefits, long-term benefits, share-based payments and other post employment benefits. As regards to retirement benefits the Company has applied PAS 19 (as amended-June, 2011) this is further discussed in Note 21 page 54 of the Notes to Consolidated Financial Statements.

The Company's members of its Board and executives as well as regular employees are encouraged to attend accounting, tax and management seminars and other professional and business training programs offered by the government and private sectors to enhance their skills and abilities in the performance of their assigned tasks and to be updated on policies, rules and regulations implemented by various regulatory and governing bodies at the expense of the Company. All Board Members have been attending the corporate governance seminars as required by SEC.

There is no company union, consequently, there is no collective bargaining agreement.

MAJOR RISKS

The Company does not have a Risk Management Committee which is not practicable at its current operational set up. Risk Management is the responsibility of the Board of Directors. Management has adopted sound policies and measures in order to preserve its financial assets and fully maximize effectively their usage and sees to it that these are implemented and monitored.

Cash and cash equivalents are deposited with stable and reputable banks. Placements normally have 35-day maturities, thereby, reducing the risk of change in value. The Company is not engaged in the trading of financial assets for speculative purposes. Presently, its source of cash comes primarily from the payments of major stockholders of their subscription

payables and cash advances from major stockholders. Because of the commitment given by the major stockholders to continue supporting the financial operations of the Company by paying their subscription payables even in the absence of a formal call by the Board of Directors, or extending cash advances to the Company including deposits for future subscription, exposure to liquidity risk is minimized.

The Company does not have any loans or notes payable, hence, it is not exposed to the risk of changing market interest rates. Furthermore, its cash and cash equivalents have fixed interest rates. The Company maintains foreign currency accounts to defray its mining pre-development costs, and is, therefore, exposed to currency risk. The Company has no material exposure to credit risks from outsiders.

Its Financial Assets are not used for collateral or other credit enhancement.

A more detailed analysis and discussion of the Group's Financial Assets in relation to financial risks such as credit risk, liquidity risk and market risk are presented in Note 6 pages 31-34 of the Notes to the Consolidated Financial Statements.

OTHER RISKS

The Company moved from Makati City to its current Quezon City address in the early 90's. All these years it did not experience any destructive flooding until typhoon "Ondoy" in 2009. The Company's office equipment, furniture and fixture and some office documents and accounting records were destroyed during the said flood. This kind of risk was never anticipated by management. In 2010, the Company undertook preventive measures to avoid destruction of its assets and records in case another catastrophe of that magnitude occurs. In the middle of 2011, the Company's office in Makati moved to a flood-free location. Also, the Company was able to lease additional space for its Quezon City office to house some of its records and files.

In 2015 its Makati office transferred to a much better location at Barangay Bel-Air, Makati City.

In June 2016, the building where the Company's Makati office was situated was partially destroyed by fire. Some office files were water-damaged. The lessor finished the repair and renovation of the partially damaged building including the Company office in 2017. The following year the Company moved its office to a more spacious room in the same building at a much higher rental cost.

Management is aware of the following risks that the Company will face in the future as regards to its mining project:

1. Mining metals and non-metals are essentially risky and expensive and faced with multiple problems.
2. The prices of commodities are always subject to fluctuations.
3. All governments change its heads and regulations are subject to unpredictable changes and government laws and regulatory policies and corporate governance poses hazards to plan, execute and deliver on long-term projects.
4. The global weather is unpredictable.
5. Many governments are demanding larger and larger share of the profits. Higher taxes and rents are seen as management problems.
6. Terms of contracts may be subjected to unpredictable changes.

Management's Responses and Outlook

1. The Company's main goal is to explore for less risky exploration and exploitation minerals.
2. Shorten exploration period and look for the most economical ways to explore and conduct the latest geological and geophysical techniques to minimize risks of exploration.
3. Management will engage experts to utilize proven hedge and financial initiatives to mitigate and minimize the inherent risks of the volatility of commodities.

4. The Company is aware of the importance of community welfare and community relationship.

(B) Description of Properties

As of December 31, 2019 the following are the properties of material value owned by the Group.

1. A parcel of land located at No. 1004 EDSA, Quezon City, covered by Transfer Certificate of Title No. N-307207 of the Register of Deeds of Quezon City with an area of Five Thousand (5,000), square meters, more or less, under the name of Imperial Resources Incorporated was acquired in 2007 with a transfer value of Four Hundred Million Pesos (Php400,000,000.00) as full payment for Thirty Four Million (34,000,000) Common Class "A" shares and Forty Six Million (46,000,000) Common Class "B" shares subscribed all at Five Pesos (Php5.00), per share, by Mr. Oliverio G. Laperal, Sr.. This property is taken up as "Investment Property". The Company is in the process of opposing a request for reinstatement of *lis pendens* annotation with the Registry of Deeds of Quezon City with Reference No. 009783-10-000001. The Company's legal consultants confirmed that as an innocent purchaser for value of the land in question, cannot be prejudiced by *lis pendens* annotation that did not appear in the predecessor title of the land at the time of the transfer. Up to the date of this report, management has not received any communication with the Registry of Deeds and the *lis pendens* annotation has not been restored. There are informal settlers in the property. This property was appraised by Cuervo Appraisers, Inc., an SEC accredited appraiser. The appraisal value of this property as of December 31, 2019 was Php790,500,000.
2. School Building – In September, 2002, the school building constructed by Philippine Cyber College Corp. (PCC) for PCC Baguio Center was finished and inaugurated. The total cost amounted to Two Million Two Hundred Thousand Pesos (Php2,200,000.00).
3. Welding machines and equipment needed for the Techno-Vocational Education Training and Assessment courses of PCC costing of about Php1.4 million were acquired in 2008.
4. Transportation Equipment – A Toyota Innova acquired in 2009 is at Php1,150,000.00.

All the above-mentioned properties are not mortgaged. The Group is not aware of any lien or encumbrance on any of them.

The Group does not have any property under lease.

5. Exploration and Evaluation Asset account consists of:
 - a. The exclusive mining rights of exploration, exploitation, development and operation of about 1,940 hectares of Mining Exploration Concession located at Buton Island, South East Sulawesi Province, Indonesia which the Company acquired on January 30, 2009 from PT Aspal Buton Nasional by paying a signature bonus of US\$150,000.00 or Php7,090,500.00.
 - b. The signature bonus amounting to Php4,705,000.00 (US\$100,000.00) paid by Imperial Resources Incorporated to PT. Indominas, an Indonesian Company, for the former to acquire other mining rights in Indonesia per memorandum of agreement executed on January 17, 2010 between the said parties.
 - c. In 2015, the Company spent US\$99,250.00 or Php4,453,844.00 to cover the budget required for various technical and tax expenses on the CNC IUP Production Program for the coverage area consisting of 1,722 hectares situated at Waangu-Angu.

- d. As of December 31, 2016 the accumulated cost of geophysical and geological works/studies amounted to Php38,676,848.00 and the acquisition of rights to explore amounted to Php11,795,500.00.
- e. There was no disbursement pertaining to the mining project in 2018 and 2019 so the amounts remain the same.

There was no material acquisition of assets by the Company during 2019. The Company has not perfected any mining claims in the Philippines.

(C) Legal Proceedings

There are no legal proceedings pending or terminated during the fiscal year covered by this report, which directly or indirectly concern or pertain to Imperial Resources Incorporated and Philippine Cyber College Corp., hence, no information similar to that required by aforestated disclosure can be disclosed.

So far as is known to the registrant, there is no proceeding known or contemplated by government authorities or any other entity to be brought against it.

(D) Submission of Matters to a Vote of Security Holders

The Company did not submit during the 4th quarter of the fiscal year covered by this report to a vote by security holders, through the solicitation of proxies.

PART III – SECURITIES OF THE REGISTRANT**(A) Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters****1. Market Information**

The shares of stock of Imperial Resources Incorporated (IMP) are traded in the Philippine Stock Exchange. Presented below are the quarterly market prices of the stocks of the Company in 2019 and 2018 as provided by the Research Department of the Philippine Stock Exchange:

	<u>2019</u>	<u>1st QTR</u>	<u>2nd QTR</u>	<u>3rd QTR</u>	<u>4th QTR</u>
Common Stock	Par Value	1.00	1.00	1.00	1.00
	High	2.21	2.03	2.09	1.94
	Low	1.82	1.75	1.75	1.65
	Close	1.88	1.92	1.77	1.66

The prices of the stocks from January, 2017 to February 22, 2017 were adjusted due to the change of par value effective February 22, 2017.

	<u>2018</u>	<u>1st QTR</u>	<u>2nd QTR</u>	<u>3rd QTR</u>	<u>4th QTR</u>
Common Stock	Par Value	1.00	1.00	1.00	1.00
	High	2.49	2.59	2.32	2.29
	Low	2.41	2.00	2.00	1.63
	Close	2.49	2.12	2.00	1.87

In 2018, the total volume of Common shares traded was 5,129,792. In 2019 the total volume traded was 6,698,859 shares. The Common stock traded at a high of Php2.21, low at Php1.65 and closed at Php1.66. The Common stock traded at a high of Php1.86, lower at Php1.78. and close at Php1.86 with a total volume of 54,000 shares on June 13, 2019. The common stock traded at a high of Php1.38, lower at Php1.38, close at Php 1.38 and total volume at 60,000 as of July 23, 2020

2. Holders

Until February 10, 2017 the Company had two (2) classes of stock. Both classes were identical in all aspects, except that:

Class "A" shares may be issued and/or sold only to citizens of the Philippines or to corporations at least sixty percent (60%) of the capital stock of which is owned by citizens of the Philippines; and

Class "B" shares may be issued and/or sold to any person or corporation irrespective of citizenship. Provided, that a stockholder who is a Filipino citizen holding Common Class "B" shares is entitled at any time to convert his Common Class "B" shares to Common Class "A" shares in the manner provided in the By-Laws.

On February 10, 2017, SEC approved the declassification of the Common Class "A" and Class "B" shares into Common Stock of at least 60% of the common shares of stock shall be issued and/or sold only to citizens of the Philippines or to Corporations at least 60% of the capital stock of which is owned by the citizen of the Philippines.

The holders of Common Stock have the right to participate and vote in the regular annual stockholders' meeting have rights to dividends and are entitled to all proprietary right in relation to their stockholdings.

(a) The approximate number of holders of Common Stock as of June 30, 2020 is 1,666. There are about 1,663 stockholders owning 100 shares or more. The following is a list of the top twenty (20) stockholders as of June 30, 2020 submitted to us by the Registrant's transfer agent, Professional Stock Transfer, Inc.

**IMPERIAL RESOURCES, INC.
TOP TWENTY (20) STOCKHOLDERS
AS OF June 30, 2020**

	NAME OF STOCKHOLDER	SHAREHOLDERS OF EACH CLASS	TOTAL NUMBER OF SHARES	%
1	LAPERAL, SR., OLIVERIO G. *	Common	546,552,070	83.763%
2	PCD NOMINEE CORPORATION	Common	33,228,565	5.093%
3	LMI HOLDINGS CORPORATION	Common	21,905,000	3.357%
4	MARINO OLONDRIZ Y CIA	Common	2,411,095	0.370%
5	LAPERAL, DESIDERIO L.	Common	1,670,000	0.256%
6	LAPERAL, ALEXANDRA L.	Common	1,660,000	0.254%
7	GANOTISI, FILOMENO	Common	1,630,000	0.250%
8	LAPERAL, ROSAMARIA	Common	1,626,500	0.249%
9	CONCEPCION, REGINA L.	Common	1,580,000	0.242%
	LAPERAL, JR., OLIVERIO	Common	1,580,000	0.242%
	LAPERAL, VICTORINA L. (VICTORINA HERAS)	Common	1,580,000	0.242%
10	LTC REAL ESTATE CORPORATION	Common	1,047,375	0.161%
11	BENJAMIN CO CA & CO., INC.	Common	1,009,755	0.155%
12	CHIONG & CO., INC.	Common	976,100	0.150%
13	INVESTORS SECURITIES, INC.	Common	948,750	0.145%
14	E. SANTAMARIA & CO., INC. (SP	Common	812,275	0.125%
15	ANSELMO TRINIDAD & CO., INC.	Common	797,875	0.122%
16	ANSALDO, GODINEZ & CO., INC.	Common	699,850	0.107%
17	PHILSEC INVESTMENT CORPORATION	Common	662,275	0.101%
18	DACILLO, NENITA C.	Common	638,000	0.098%
19	KUI, JOHN	Common	605,620	0.093%
20	AQUINO, ANTONIO & VELMONTE SEC.	Common	573,250	0.088%

(b) As of June 30, 2020 99.70% are owned by Filipinos while 0.30% are owned by other nationalities.
 **The number of shares under the name of Oliverio G. Laperal, Sr. who died on August 26, 2018 includes 318,400 shares under RCBC TIA which is owned by him.

3. Dividends

The Company has never declared any dividend on any class of its common equity since its incorporation because it has not gone into commercial operations and, therefore, it does not have cash surplus earnings.

The Board of Directors of the Registrant has the unrestricted power to declare dividends out of the unrestricted earnings which shall be payable in cash, property or in stocks to all stockholders on the basis of outstanding stock held by them. Other than as are provided for in Section 43 of the Revised Corporation Code, as exception to the retention

of surplus earnings, the registrant has no agreement, stipulation or undertaking in favor of any bank, financial institution or any other entity or person, limiting its ability to pay dividends on common equity or that are likely to do so in the future.

4. Recent Sales of Unregistered Securities

For the year 2019, there was no sale of unregistered securities.

Exemption from Registration Claimed:

In its Resolution No. C15, Series of 1998, the Securities and Exchange Commission upon letter petition filed by Imperial Resources Incorporated requesting that the issuance to LMI Holdings Corporation of Fifteen Billion (15,000,000,000) Common Class "A" (Par value per share P0.01) shall be exempted from the registration requirements of the Revised Securities Act, the Commission granted the request considering that the said securities are to be issued exclusively to an existing stockholder out of the increase in authorized capital stock approved by the Commission on August 5, 1997, and held that the issuance thereof, is an exempt transaction based on Section 6(a) (4) of the Revised Securities Act (now Section 10.1(e) of the Securities Regulation Code).

(B) Description of Registrant's Securities

1. Common Stock

(a) As of December 31, 2019 presented below is the capital stock structure of the Company:

	Common Stock	
	No. of shares	Amount
Authorized Capital	<u>1,800,000,000</u>	<u>P 1,800,000,000.00</u>
Issued and Outstanding	230,643,195	230,443,195.00
Subscribed & Partially Paid	421,856,805	422,056,805.00
Total	<u>652,500,000</u>	<u>P 652,500,000.00</u>

(b) As of December 31, 2018

	Common Stock	
	No. of shares	Amount
Authorized Capital	<u>1,800,000,000</u>	<u>P 1,800,000,000.00</u>
Issued and Outstanding	230,643,195	230,643,195.00
Subscribed & Partially Paid	421,856,805	421,856,805.00
Total	<u>652,500,000</u>	<u>P 652,500,000.00</u>

A further discussion of the Company's share capital is shown in Note 20 pages 52-54 of the Consolidated Financial Statements as of December 31, 2019.

(c) By provision of the Articles of Incorporation, security holders are denied of their pre-emptive rights. All shares of stock are entitled to equal voting rights. Likewise, all shares of stock are entitled to the distribution of dividends, either in cash or stock dividend.

2. The Company has no stock options, warrants or rights, debt securities, securities

subject to redemption or call, securities other than common equity and other securities, hence, the details being asked could not be discussed nor disclosed.

INTEGRATED ANNUAL CORPORATE GOVERNANCE

A. In relation to the implementation of the Code on Corporate Governance and the Company's duly adopted Manual on Corporate Governance, the Company is always reminded of its reportorial obligation which should be complied with by the responsible officers of the Company.

B. All material information about the Company which could adversely affect its viability or the interest of its stockholders and other stakeholders should be publicly and timely disclosed. Such information include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management.

C. Disclosures are reported in the following manner:

1. For changes or updates *required* to be reported or disclosed under Section 17 of the Securities Regulation Code (SRC), the Company shall notify the Commission using *SEC Form 17-C* within five (5) calendar days from the occurrence of the reportable change to be signed by the duly authorized officer of the Company;
2. For changes or updates *not required* to be reported or disclosed under Section 17 of the Securities Regulation Code (SRC), the Company shall notify the Commission through an *advisement letter* stating the changes or updates made within five (5) days from the occurrence of the reportable change to be signed by the Corporate Secretary and Compliance Officer;
3. To facilitate the disclosure and to harmonize the corporate governance requirements of the Securities and Exchange Commission and the Philippine Stock Exchange, the Company shall submit an Integrated Annual Corporate Governance Report (I-ACGR) in the following manner:
 - a. The Company shall submit four (4) copies of a fully accomplished I-ACGR on May 30 of the following year and every year thereafter;
 - b. The I-ACGR shall cover all relevant information from January to December of the given year. At least one (1) complete copy of the I-ACGR filed with the Commission shall be duly notarized and shall bear original and manual signatures of the following required signatories: Chairman of the Board, Chief Executive Officer or President, all Independent Directors, Compliance Officer and Corporate Secretary;
 - c. The I-ACGR, with accessible links, shall be posted on the Company's website within five (5) business days from submission to the SEC;

The Company, however, is no longer required to file updates and changes on its I-ACGR within five (5) days from the occurrence of the reportorial change(s). Further, the Company is no longer required to file its Consolidated Changes in the ACGR within ten (10) days from the end of the year pursuant to SEC Memorandum Circular No. 15, Series of 2017.

D. As evaluation system and as measure of level being undertaken by the Company to fully comply with the adopted leading practices and principles on good corporate governance, the Company has resorted to the use of the Corporate Governance Self-Rating.

The Compliance Officer submits a certification concerning the commitment of the Board of Directors and the Management i.e., officers and staff of Imperial Resources

Incorporated, to bind themselves to the principles and best practices contained in the Manual on Corporate Governance adopted by the Company. Thence, the Compliance Officer certifies that at a certain date, the Company has completely complied with the same without deviation, as adopted and submitted to the Securities and Exchange Commission with further certification that the Board has conducted itself with utmost honesty and integrity in the discharge of its duties, function and responsibilities.

Within the period covered by the Code on Corporate Governance, there has been no recorded or noticeable deviation from the Company's Manual on Corporate Governance. Consequently, there cannot be a disclosure of the name and position of the persons involved and the sanctions imposed on the said individual.

It is admitted that there are incompleteness or delay in compliance area as shown and explained in the Corporate Governance Self-Rating Report.

E. Pursuant to the measure of level of compliance as shown in the self-rating report, there is room for improvement. Anent thereto, the Company plans to create other committee to strengthen its system of checks and balances.

As stated in the information statement under "Other Events", in compliance with the principles of good corporate governance and best practices, the Board constituted Committees, which are the (1) Nomination Committee (2) Audit Committee and (3) Compensation and Remuneration Committee, through the process of election during organizational meeting of the officers of the Company. The term of the elected members is one (1) year. The election of candidates takes into consideration the qualifications and disqualifications of the nominees. Each of the three (3) Committees is composed of three (3) members of the Board, one of whom shall be an independent director and shall have adequate understanding or competence of the Company's financial management system and environment. For the year 2019, the Chairman of the Audit Committee is Ms. Genelita G. Manandic, Independent Director, with following member, Mr. Desiderio L. Laperal, and Atty. Horacio M. Pascual.

PART IV – FINANCIAL INFORMATION

A. Management's Discussion and Analysis (MD & A) or Plan of Operation

... Plan of Operations

Mining and Asphalt

In 2015 Mr. Eddy Surohadi of P. T. Aspal Buton and P. T. Indominas, requested funding from the Company for the various technical works, government taxes and fees, and other construction and engineering expenses to secure the necessary CNC (Clean and Clear Certificate IUP Production Program for the coverage area of 1,722 hectares located at Waangu-Angu.

The Company remitted to Mr. Eddy Surohadi for the account of P. T. Aspal Buton and P. T. Indominas the amount of US\$99,250 in 2015. So far the Indonesian partners have not requested additional funding for whatever is needed to secure the formal approval for the exploitation concession of the above stated area.

The Indonesian partners have been offering the project to other interested entities to enter into a joint-venture agreement with the Company inasmuch as the project entails huge capital outlay. The Company is hopeful that the Indonesian partners can find a foreign investor because of the viability of the project.

The Company has been studying and evaluating a project cost study submitted by a project proponent pertaining to silica sand quarrying and processing operation. The Company is aware of the increasing demand for flat glass and glass bottles by local glass manufacturing

companies like San Miguel Corporation and Asia Brewery, Inc. Prospective silica sand mine sites have been identified by the proponent. While the project cost study shows a fairly good ROI, management has been evaluating, analyzing and discussing further the data used in the project cost study including the impact of the latest environmental policies, regulations and pronouncements made by various government agencies on the feasibility and sustainability of the project. Another important factor being considered by management is the peace and order situation in the prospective silica mining sites.

Techno-Vocational Education, Training and Assessment Project

On March 20, 2013 at the meeting of the Management Committee wherein, all members who are also directors were present and representing majority of the members of the board unanimously resolved and approved the dormancy status of PCC due to its non-operation since 2010 and because of the significant losses incurred by PCC which resulted to a capital deficiency of Php23.3 million and Php23.5 million as at December 31, 2017 and 2018, respectively. As at December 31, 2019 the capital deficiency is Php23,873,346 million.

OTHER BUSINESS OPPORTUNITIES

In 2018 the Vice-President, Desiderio L. Laperal travelled to Europe for preliminary discussions and observation of IT-based business applications related to remote sensing of marine and land resources, land-use, and community development. Vice-President Laperal observed driver-less autonomous farm machinery, robotic steel fabrication and remote-controlled fisheries management systems. He was impressed with the Green Energy initiatives mandated by the European Union, which is to encourage more reliance on renewable power such as air turbines, hydro and solar. These applications and the downstream business opportunities are relevant to Imperial Resources Incorporated.

In June 2019, Mr. Desiderio L. Laperal travelled to Europe to meet with potential partners and continue discussions on investment opportunities in the Philippines. On that trip he accompanied two Italian businessmen to the Philippine Consul in Milan, Italy to confer with Consul General Irene Susan Natividad and Consul Mersole Mellejor. Mr. Laperal invited the two Italian businessmen to visit Manila in 2019. This plan was reset to March 2020. Due to the Corona Virus Disease 2019 (Covid-19) Pandemic, the plan to visit the Philippines is cancelled.

1. Management's Discussion and Analysis

The Company has never been into commercial operations since its incorporation. In 2008, its revenues were derived from its subsidiary's (PCC) I.T. project. In 2009 its revenues were derived from its subsidiary's techno-vocational education and training project. Since in 2010, except for interest income earned unrealized gain on foreign exchange, and gain from investment revaluation (2013), no other income was reported because of the temporary suspension of PCC's Techno-Vocational Project. For several years the subsidiary (PCC) allowed the Philippine National Police Internal Affairs Service (PNP-IAS Benguet) to use a portion of the building as its office for free to deter informal settlers from occupying the building. In 2018 the said agency vacated the place. The subsidiary (PCC) repaired and repainted the building during the middle part of 2019 to attract more prospective lessees. Currently, the building is open for lease. The subsidiary (PCC) has been receiving offers to lease its building in Baguio City. Management has been evaluating the said offers.

The yearly losses shown in its financial reports are actually administrative and pre-development and pre-exploration expenses incurred. Presented below are the consolidated financial highlights of the Company as of December 31, 2019, 2018, and 2017.

	2019	2018	2017
Statement of Loss			
Revenues	5,509,770	235,140,356	50,033,264
Administrative Expenses	8,112,624	7,440,754	8,680,254
Other Comprehensive Income (Loss)	149,029	98,581	290,433
Balance Sheet			
Total Current Assets	3,031,287	3,543,776	2,760,433
Non Current Assets	842,448,369	836,913,501	601,878,751
Total Assets	845,479,656	840,457,277	604,639,184
Current Liabilities	239,583	2,273,251	1,972,766
Non-Current Liabilities	48,355,794	38,949,859	31,477,698
Total Liabilities	48,595,377	41,223,110	33,450,464
Equity	796,884,279	799,234,167	571,188,720
Total Liabilities and Equity	845,479,656	840,457,277	604,639,184

The following are the financial soundness indicators for 2019, 2018 and 2017.

	2019	2018	2017
(i) Current/liquidity ratios:			
Current assets	3,031,287	3,543,776	2,760,433
Current liabilities	239,583	2,273,251	1,972,766
	$\frac{3,031,287}{239,583} = 12.65:1$	$\frac{3,543,776}{2,273,251} = 1.56:1$	$\frac{2,760,433}{1,972,766} = 1.40:1$
(ii) Debt-to-equity ratios:			
Total liabilities	48,595,377	41,223,110	33,450,464
Equity	796,884,279	799,234,167	571,188,720
	$\frac{48,595,377}{796,884,279} = 0.06:1$	$\frac{41,223,110}{799,234,167} = 0.05:1$	$\frac{33,450,464}{571,188,720} = 0.06:1$
(iii) Solvency ratios:			
Total liabilities	48,595,377	41,223,110	33,450,464
Total assets	845,479,656	840,457,277	604,639,184
	$\frac{48,595,377}{845,479,656} = 0.06:1$	$\frac{41,223,110}{840,457,277} = 0.05:1$	$\frac{33,450,464}{604,639,184} = 0.06:1$
(iv) Asset-to-equity ratios:			
Total assets	845,479,656	840,457,277	604,639,184
Equity	796,884,279	799,234,167	571,188,720
	$\frac{845,479,656}{796,884,279} = 1.06:1$	$\frac{840,457,277}{799,234,167} = 1.05:1$	$\frac{604,639,184}{571,188,720} = 1.06:1$
(v) Interest rate to coverage ratios (Earnings before interest and taxes/Interest expense):			
This ratio is not applicable since the Company has no interest expense.			
(vi) Profitability ratios (Net profit after taxes/Revenues before cost of services) :			
Net profit after taxes	(2,498,917)	227,799,518	41,433,516
Revenues	5,509,770	235,140,356	50,033,264
	$\frac{(2,498,917)}{5,509,770} = (0.45):1$	$\frac{227,799,518}{235,140,356} = 0.97:1$	$\frac{41,433,516}{50,033,264} = 0.83:1$

A separate schedule showing the financial soundness indicators is also presented in the attachments to the Notes to Consolidated Financial Statements in compliance with SRC Rule 68, as amended.

By comparing the Consolidated Statements of Financial Position and Consolidated Statements of Comprehensive Income for the years 2019 and 2018, the following are the material (5% or more) changes and their causes:

Statements of Financial Position:

1. Cash and Cash Equivalents

This account consists of cash on hand and in banks including short-term (35-day) placements. In 2019 the cash inflow of Php9.296 Million came from advances from

stockholders in the amount of Php9.264 Million, interest income earned at Php10 Thousand, and collection of receivables in the amount of P22 Thousand. The cash outflow includes total administrative expenses incurred amounting to 7.75 Million, and payment of payables amounting to P2.036 Million. In 2018 the cash advances from stockholders amounted to P7.279 Million, interest income earned at P15 Thousand realized forex gain of P125 Thousand and additional paid-up capital of Php150 Thousand or a total of P7.569 Million. The total cash outflow was P6.71 Million representing administrative expenses of P6.487 Million cash advances to subsidiary at P223 Thousand.

2. Trade and Other Receivables - Net

In 2019 the decrease of about 61% or Php22 Thousand represents the collection of salary loans extended to its employees. The decrease in 2018 over 2017 figure of about 66.5% or P73 Thousand represents also the collection of salary loans extended to company employees.

3. Property and Equipment - Net

The decrease in 2019 by about 71% or Php7.7 Thousand represents the depreciation for the year. The decrease in 2018 over 2017 figure by about 65.5% or P21 Thousand represents also the depreciation for the year.

4. Accruals and Other Payables

In 2019 the decrease of about 90% or P2.04 million was due primarily to the payment of the accrued realty tax due on the Company's investment property. Aside from accrued expenses this account includes withholding tax payable, documentary stamp tax payable, SSS, Pag-Ibig, Philhealth premiums, and loans payable. There was an increase of 15.4% or P303 thousand in 2018 compared to the figure in 2017.

5. Income Tax Payable

In 2019 there was a P2.5 thousand income tax payable arising from unrealized gain in 2018 amounting to P126 thousand realized in 2019 while in 2018 there was a P186 Income tax payable due on the P9 thousand unrealized gain in foreign exchange in 2017 realized in 2018, hence, a decrease of 7%.

6. Advances from Shareholders

A stockholder advanced P9.26 million in 2019 resulting to a 26.8% increase over 2018 figure while in 2018 the same stockholder advanced P7.3 million resulting to an increase of 26.6% over 2017 figure.

Statements of Comprehensive Income:

1. Revenue

The other income account consists of gain from investment revaluation, interest income and unrealized gain on foreign exchange. In 2019 the investment property was appraised at P790.5 million, an increase of 0.7% or P5.5 million from the appraised value of P785 million in 2018. The appraised value in 2017 was P550 million a 42.7% increase or P235 million in 2017. In 2019 interest income decreased by 33.6% or P5 thousand while unrealized gain on foreign exchange decreased by 100% or P125 thousand.

2. Administrative Expenses

2.1 Salaries and Wages

The decrease of about 12.2% or P387 thousand in 2019 was caused by resignation of two employee. Because of the unabated increase in the cost of basic commodities as a result of the TRAIN Law, management as a way of helping its employees cope with the

economic situation, gave a 14th month pay during the 4th quarter of 2018. This was the reason for the increase in this account of about 7.37% or P218 thousand over the figure in 2017.

2.2 SSS, Philhealth and HDMF Contribution

There was a 28% decrease in this account in 2019 or about P20 thousand due to the resignation of two (2) employees during the year. There was no significant change in 2018 over 2017 figure.

2.3 Utilities

The decrease in the use of mobile phones in 2019 resulted to a decrease by about 8.2% or P49 thousand over 2018 figure. In 2018 it increased by 16.4% or P84 thousand over 2017 figure due to the increase in the consumption of water and electricity coupled with the increase in the use of mobile phones.

2.4 Director's Fee

The increase of about 15% or P30 thousand in 2019 was due to the two recorded absences by board members. The recorded absences in 2018 was three (3). In 2018 there were only three (3) board meetings while in 2017 there were four (4) meetings, hence, the decrease of about 30.45% or P85 thousand.

2.5 Retirement Benefit Expense

The increase by about 6% or P21 thousand in 2019 was brought about by the increase in the service cost and interest expense on defined benefit obligation. This was also the reason for the increase in 2018 over 2017 figure by 20.5% or P57 thousand.

2.6 Taxes and Licenses

During 2019 the Company took advantage of the amnesty program implemented by the Quezon City government. It paid all realty taxes due on its investment property, This caused the increase of this account by about 199% or P987 thousand. In 2018 there was a 71.1% decrease or about P1.2 million compared to the 2017 figure which was due to the fact that the accrual of realty tax covered only the year 2018 unlike in 2017 which covered several years.

2.7 Depreciation

In 2019 there were office equipment that were fully depreciated causing the decrease of about 62% or P12.8 thousand. In 2018 there was a decrease of about 88.4% or P157 thousand because the building owned by the subsidiary was fully depreciated in 2017.

2.8 Insurance

Some of the vehicles being used by the Company are already old. In 2019 because of the age of the vehicles the former insurance agency declined to insure these vehicles so management got another insurance agency willing to insure them although at a higher rate. This gave rise to the 33% increase or P11 thousand in 2019. In 2018 this account decreased by about 32.3% or P16 thousand because as the vehicles being used by the Company deteriorate, the insurance premiums on said vehicles also decrease.

2.9 Repair & Maintenance

This account includes repair and maintenance of the building owned by subsidiary (PCCC), vehicles being used by the Company officers and employees, computers, printers, xerox machine and other office equipment. During 2019, the vehicles were in much better running condition, hence, the decrease. However, this decrease was offset by the cost of

repairs and repainting of PCCC's building resulting to a net increase in the amount of P22 thousand or 13%. The change in 2018 figure over the 2017 figure was not material.

2.10 Supplies and other expenses

This account includes computer and office supplies, advertising and printing expenses. In 2019 this account decreased by about 32.5% or P34 thousand due to lesser consumption of computer supplies and lesser advertisement for job opening. In 2018 there was an increase of about P21 thousand or 24.2% because of the increase in the cost of computer supplies. Also the company placed an advertisement for job opening twice.

Material Event/s and Uncertainties

Other than the disclosures made in this report including those contained in the Notes to the Consolidated Financial Statements and its Subsidiary which includes some material events after balance sheet date, the Company has nothing to report on the following:

- (i) Any known trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way, except for the impact of Covid-19 which is discussed in page 25.
- (ii) Events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of obligation. The Group is not in default or in breach of any note, loan, lease or other indebtedness or financing arrangements requiring it to make payments. Except for the advances made by a major stockholders the Group has no trade payables and there is no significant amount in its other payables that has not been paid within the stated terms. There is no identifiable material deficiency since the major stockholders are committed to fund the Group's operations.
- (iii) Material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.
- (iv) Any other material commitments for capital expenditures.
- (v) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues, income from continuing operations, except for the effect of Covid-19 pandemic which is discussed on page 25.
- (vi) Any significant elements of income or loss that did not arise from the issuer's continuing operations.
- (vii) Any seasonal aspects that had a material effect on the financial condition or results of operations.

Company Vision

To become a self-sustaining and profitable Company for a long period of time by providing energy and energy-related products as its contribution to enhance energy supply in the country.

3. Changes in and Disagreements with the Group's accountants on Accounting and Financial Disclosure

There was no disagreement with the Group's external auditors on matters relating to accounting principles or practices or financial disclosures or auditing scope or procedures during the last three (3) fiscal years.

In December, 2010, the Group engaged the services of Villaruz, Villaruz & Co., CPA's with office address at Unit 3, 9th Floor, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City to audit the financial statements of Imperial Resources Incorporated (Parent Entity) and Philippine Cyber College Corp. (Subsidiary) as at December 31, 2010. The said auditing firm audited the financial statements of the Parent Entity and its Subsidiary for the succeeding years. The Professional fees as agreed upon for the years 2019, 2018 and 2017 are presented below:

	PROFESSIONAL FEE	12% VALUE ADDED TAX	OUT OF POCKET EXPENSES	TOTAL
IMPERIAL RESOURCES, INC.				
2019	200,000.00	24,000.00	20,000.00	244,000.00
2018	200,000.00	24,000.00	20,000.00	244,000.00
2017	200,000.00	24,000.00	20,000.00	244,000.00
	600,000.00	72,000.00	60,000.00	732,000.00
PHILIPPINE CYBER COLLEGE CORP.				
2019	10,000.00	1,200.00	-	11,200.00
2018	10,000.00	1,200.00	-	11,200.00
2017	10,000.00	1,200.00	-	11,200.00
	30,000.00	3,600.00	-	33,600.00
	630,000.00	75,600.00	60,000.00	765,600.00

For the Parent Entity an out of pocket expenses equivalent to 10% of the professional fee covering travel, meals, communication, printing, etc. shall be billed separately. For the Subsidiary actual out of pocket expenses incurred in the course of audit shall be billed separately.

For the years 2010 to 2013, inclusive, the signing partner was Mrs. Normita L. Villaruz and for the years 2014 to 2018, the signing partner is Mr. George V. Villaruz. For the year 2019, the signing partner is Mrs. Normita L. Villaruz. The Group will rotate the signing partner of its external auditors at least every five (5) years to comply with the requirements of SRC Rule 68 (3) (b) (iv).

EXTERNAL AUDIT FEES

1. The scope of the audit services rendered by Villaruz, Villaruz & Co., CPA's for the fiscal year 2019 and prior years is as follows:

- a. Audit and examination of the statement of financial position as at December 31, 2019 and the related statements of comprehensive income, statements of equity and of cash flows as of and for the year ended December 31, 2019 of Imperial Resources Incorporated and its subsidiary, Philippine Cyber College Corp.;
- b. Submission of the proposed auditor's adjusting journal entries and review of the draft of the audited financial statements after the posting of the approved audit adjustments as of and for the year ended December 31, 2019 to come up with the Company's audited financial statements which shall be prepared by the Company's accountant and which will be reviewed by Villaruz, Villaruz & Co., CPA's, in compliance with SEC Memorandum Circular No. 16 dated December 10, 2009.

- c. Review of the annual income tax return which shall be prepared by the Company accountant based on the audited financial statements for the year ended December 31, 2019.

2. Aside from the above-mentioned audit services there were no other professional services rendered by Villaruz, Villaruz & Co., CPA's for the fiscal year 2019 and prior years.

(a) Under the caption "Tax Fees"

There is nothing to report under "Tax Fees" caption since the external auditors did not perform any tax accounting, compliance, advice, planning and any other form of tax services.

(b) Under the caption "All Other Fees"

There is nothing to disclose under this category since no services was rendered other than the audit services as described earlier and as provided by the external auditors.

(c) The engagement proposal for the audit of the financial statements of Imperial Resources Incorporated and its subsidiary, Philippine Cyber College Corp., was reviewed by the members of the audit committee before the approval by the management.

The members of the Audit Committee met with the external auditors and management to discuss the audit findings, adjusting journal entries, additional suggested steps to be implemented to strengthen the Company's internal controls and financial reporting issues and judgments used in the preparation of the financial statements.

The members of the Audit Committee, after reviewing and discussing the audited financial statements, approved and submitted the same to the Board of Directors for approval and authority for issue.

Financial Statements

The Company's Audited Financial Statements and its Subsidiary including the Consolidated Financial Statements as at December 31, 2019 and 2018, were approved and authorized for issuance by the President. Mr. Oliverio L Laperal, Jr. during the meeting of the Board of Directors held on June 09, 2020 after the review and recommendation for approval by the Audit Committee on even date. The said Financial Statements are submitted with this report and incorporated in the 2019 Annual Report to security holders to be presented to the stockholders' meeting during the annual stockholders' meeting for approval.

The Consolidated Cash Flow Statement for three (3) years, Notes to Financial Statements (Accounting Policies and Explanatory Notes), Representations as to the Audit, General Notes to Financial Statements including applicable supplementary schedules as required under Annex 68-J and 68-E of Rule 68, are also submitted with this report.

IMPACT OF MODIFIED ENHANCED COMMUNITY QUARANTINE (MECQ) ON THE OPERATIONS OF THE COMPANY AND ITS SUBSIDIARY

When the government declared the Enhanced Community Quarantine (ECQ) management stopped temporarily its operation in order to protect its officers and employees from being afflicted with COVID-19. After the two (2) months of locked down due to the enforced Enhanced Community Quarantine (ECQ) during the Corona Virus Disease 2019 (COVID-19) Pandemic, the internal and external operations and business affairs of Imperial Resources Incorporated were deeply affected.

Since May 18, 2020, when the Modified Enhanced Community Quarantine (MECQ) was unfolded under certain restrictions of the company and guidelines, the officers and employees attended to the concerns of the company by resorting to the various modes of remote communication, including teleconferencing, videoconferencing and electronic mail service (e-mail).

Personnel were provided with shuttle service to and from work every day while others were provided with bed and board within the office premises.

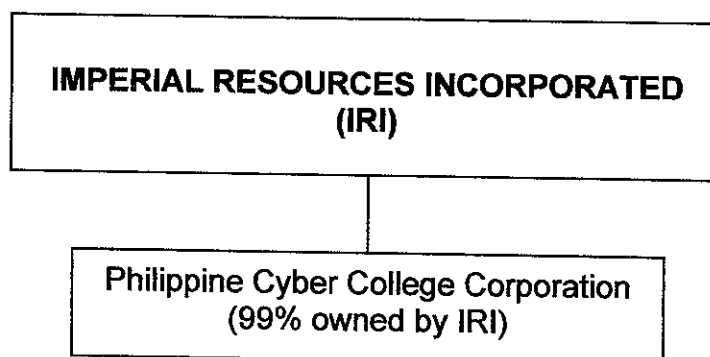
Work areas were cleaned and sanitized more often. Employees were provided with face mask and required to sanitize their hands more often with isopropyl alcohol, hand sanitizers and/or soap. Likewise, body temperatures were checked daily. Employees were urged to disclose their health problems, travel history or possible exposure of the virus including their families or other persons they had close contact with.

Social distancing is made a protocol at work while communications were made through exchanges of e-mail or telephone call.

The COVID-19 Pandemic has brought difficulties and posed risks in all forms of human activity. Work load was piled up and deadlines become due. Nonetheless, the preparation of documents, records and/or papers required and in support of the financial statements/reports, income tax returns, bank transactions, and other business operations were being attended to with extreme care and caution in order to maintain the protection of health, lives and security of everyone.

Under the new-normal way of social interaction, including in the work place, office duties have become difficult that consequently entail extra expense to be abreast and competitive. To date, the senior management of the company are focused on these pressing and immediate concerns.

MAP OF THE CONGLOMERATE OR GROUP OF COMPANIES WITHIN WHICH THE REPORTING ENTITY BELONGS



PART V - EXHIBITS AND SCHEDULES

Exhibits and Reports

(a) EXHIBITS

"A" - Management Report

"B" - Cases where Mr. Oliverio L. Laperal, Jr. and Mr. Desiderio L. Laperal represented the Corporation as parties-litigants

"C" - Resume of Board of Directors and Officers

- "D" - 17-Q Quarterly Report as of March 31, 2020
 "E" - 2019 Audited Consolidated Financial Statements
 "F" - Certification of Independent Directors

(b) MATTERS DISCLOSED FOR THE LAST 6 MONTHS

The Corporate Secretary of the Registrant Corporation has disclosed to the Securities and Exchange Commission and the Philippine Stock Exchange, the following material matters for the last six (6) months:

A. July 11, 2019

The regular annual meeting of the stockholders of Imperial Resources Incorporated was held on July 11, 2019, at Rooms 8 & 9 Parish Center, Santuario de San Antonio, McKinley Road, Forbes Park, Makati City, Metro Manila, Philippines. Thereat, Corporate Secretary reported that all requirements of the law and by-laws of the corporation concerning the giving of notices to all stockholders of record entitled to vote and other agencies of the government have been complied with.

The Corporate Secretary further reported that the books of Imperial Resources Incorporated show that as of record date on May 20, 2019, the total number of shares outstanding and entitled to vote in the annual stockholders' meeting is Six Hundred Fifty-Two Million Five Hundred Thousand (652,500,000) Common Shares, with the par value of One Peso (Php1.00) per share. Of said number of shares Twenty-Eight Million Three Hundred Twenty-Eight Thousand One Hundred Seventy-Five (28,328,175) shares were present in person and those represented by holders of Special Power of Attorney and of unsolicited proxies.

It was shown that the number of shares present in person and by holders of Special Power of Attorney and unsolicited proxies in the meeting is Four point Three Four One Sixth Percent (4.3416%) of the subscribed and outstanding capital stock entitled to vote.

The Corporate Secretary then reported that no quorum was reached in the said meeting. Consequently, the regular annual stockholders' meeting was adjourned *sine die*. Also, the Board of Directors, constituting a quorum, retained their positions on hold over basis. The members of the board of directors are, namely:

Atty. Horacio M. Pascual
 Mr. Oliverio L. Laperal, Jr.
 Mr. Desiderio L. Laperal
 Atty. Jesus Vicente B. Capellan
 Ms. Vilma B. Villanueva
 Mr. Anthony Nelson G. Mendoza -Independent Director
 Ms. Genelita G. Manandic -Independent Director

Immediately after the regular annual stockholders' meeting and after a brief respite, an organizational meeting was held at the same venue. In the course of business, the following officers were elected, namely:

Atty. Horacio M. Pascual	- Chairman of the Board
Oliverio L. Laperal, Jr.	- President/CEO
Desiderio L. Laperal	- Vice-President/Chief Financial Officer/Treasurer
Vilma B. Villanueva	- Comptroller/Assistant Treasurer/Chief Accounting Officer
Atty. Jesus Vicente B. Capellan	- Corporate Secretary

As a measure of good corporate governance and by way of internal regulation, the Board constituted various committees, such as the - (1) Nomination Committee; (2) Compensation

and Remuneration Committee; and (3) Audit Committee.

These Standing Committees are each composed of three (3) voting members, one of whom is an independent director. Until duly replaced, the following were elected members of the following Committees, namely:

NOMINATION COMMITTEE:

Atty. Jesus Vicente B. Capellan - Chairman
Mr. Oliverio L. Laperal, Jr. - Member
Ms. Genelita G. Manandic - Member
(Independent Director)

COMPENSATION and REMUNERATION COMMITTEE:

Mr. Desiderio L. Laperal - Chairman
Ms. Vilma B. Villanueva - Member
Mr. Anthony Nelson G. Mendoza - Member
(Independent Director)

AUDIT COMMITTEE:

Ms. Genelita G. Manandic - Chairman
(Independent Director)
Mr. Desiderio L. Laperal - Member
Atty. Horacio M. Pascual - Member

- B. List of Top 100 Stockholders (Quarterly Report-PSE/SEC)
- C. Public Ownership Report (Quarterly Report-PSE/SEC)
- D. Report on Number of Shareholders (Monthly Report-PSE/SEC)
- E. Foreign Ownership Report (Monthly Report-PSE/SEC)
- F. July 11, 2019 - 2019 General Information Sheet (SEC/PSE)
- G. Quarterly Report (17-Q -PSE/SEC)

The principles governing good Corporate Governance shall be adopted as stated in the manual and circular of the Securities and Exchange Commission.

The foregoing matters form part of our disclosure of what may be considered as material information which may affect the value and trading of securities of Imperial Resources Incorporated.

UNDERTAKING

Upon the written request of a stockholder, the Company undertakes to furnish said stockholder a copy of SEC Form 17-A free of charge. Such written request should be directed to the Office of the Corporate Secretary, Atty. Jesus Vicente B. Capellan with address at Unit 202 Villa Building, No. 78 Jupiter Street, Bel-Air, Makati City, Metro Manila or to 82-J 4th Street, Mariana, New Manila, Quezon City.

IMPERIAL RESOURCES, INCORPORATED

Issuer

JESUS VICENTE B. CAPELLAN

Corporate Secretary

ANNEX "B"**ITEM 1. CASES WHERE MR. OLIVERIO L. LAPERAL JR., MR. DESIDERIO L. LAPERAL AND ATTY. JESUS VICENTE B. CAPELLAN ARE NAMED PARTIES-LITIGANTS.**

Case Title	Spouses Emilio & Cresencia Valdez, et al. vs. Spouses Oliverio G. Laperal and Emma L. Laperal, et al. Docketed as Civil Case No. 5236-R Regional Trial Court, Branch 61 Baguio City
Date Filed	May 10, 2002
Nature of the Action	The case was filed by the Valdez' against the Laperals, et al. for annulment of documents and recovery of possession with damages.
Status	<p>Said case was dismissed against Spouses Oliverio G. Laperal and Emma L. Laperal and Philippine Cyber College Corp., in a resolution dated April 8, 2011. But the plaintiffs appealed to the Court of Appeals which reversed the order of dismissal by the RTC and directed that the case be tried on the merits. From the adverse order, defendants filed a petition for review on certiorari before the Supreme Court. Said Court, however, affirmed the findings of the Court of Appeals. Hence, the case is pending trial on the merits before the Regional Trial Court.</p> <p>By the death of Oliverio G. Laperal, Sr. on August 26, 2018 and Emma L. Laperal on December 1, 2003, they are now substituted by their legitimate children, namely: Victorina L. Laperal, Oliverio L. Laperal, Jr., Rosamaria L. Laperal, Regina Laperal-Concepcion, Desiderio L. Laperal, and Alexandra L. Laperal-Aquino.</p>
Case Title	Victorina L. Laperal, et al., vs. Filipinas Golf & Country Club, Inc., et al. Docketed as Civil Case No. Q-09-221 Regional Trial Court, Branch 93 Quezon City, Metro Manila
Status	<p>This a civil case filed by Victorina L. Laperal, Rosamaria L. Laperal, Regina L. Concepcion and Alexandra L. Laperal (the "plaintiffs") against the Company on July 15, 2009, asking the court to order the Company to issue their respective proprietary membership certificates.</p> <p>On September 7, 2009, Oliverio G. Laperal, Sr. ("Laperal Sr.") filed a motion for leave to admit his complaint-in-intervention with the attached complaint-in-intervention against the plaintiffs. He asserted his real and beneficial ownership over the proprietary membership certificates claimed by the plaintiffs and thus, prayed that the court dismiss the case for lack of cause of action. On September 7, 2009, the Company filed its verified answer to the complaint. The plaintiffs then filed their reply to the answer on October 08, 2009.</p> <p>On January 11, 2010, the parties filed a joint motion to suspend the proceedings for a period of one hundred twenty (120) days to give them ample opportunity to discuss the possibility of an amicable settlement.</p>

	<p>Thereafter, the scheduled hearings of the case have been reset given the parties' joint manifestations that they are still finalizing the terms of the settlement.</p> <p>From May 28 until July 18, 2013, the parties underwent mediation proceedings.</p> <p>On November 26, 2013, the court issued an order directing the parties to submit their Pre-Trial Briefs and the judicial affidavits of their witnesses. The Pre-Trial Brief was due on January 29, 2014.</p> <p>On January 27, 2014, the parties filed a Joint Motion to Suspend Submission of Pre-Trial Briefs and Judicial Affidavits for the reason that they are very close to concluding an amicable settlement of the case. The request for suspension was granted in open court on January 29, 2014</p> <p>Since then, the case has been set for Judicial Dispute Resolution ("JDR") several times, but these JDR sessions have been cancelled and reset to provide the parties the opportunity for an amicable settlement.</p> <p>The latest JDR resetting is for March 24, 2020.</p>
Case Title	<p>IN RE: Petition for the Probate of the Will of Oliverio G. Laperal, Sr., Desiderio Christopher L. Laperal, petitioner, docketed as Special Proceedings No. R-MKT-18-04136-SP, Regional Trial Court, Branch 148, Makati City, Metro Manila</p>
Status	<p>Petitioner Desiderio Christopher L. Laperal delivered the Will of decedent Oliverio G. Laperal, Sr. before the probate court. Thereat, the jurisdictional requirements were established and marked in exhibits. Also, petitioner Desiderio Christopher L. Laperal gave his testimony in support of the allowance of the Will of Oliverio G. Laperal, Sr. and was cross-examined in court.</p> <p>From the hearing conducted last February 2020, the probate court has yet to resolve the matter of appointment of an executor and issuance of letters testamentary.</p>

ANNEX "C"

RESUME OF DIRECTORS AND OFFICERS

1. Directors and Officers

HORACIO M. PASCUAL, 87

IMPERIAL RESOURCES INCORPORATED

EDUCATIONAL ATTAINMENT:

1950

1952

1964

1979

- Chairman of the Board (July 19, 2018 to present)
- St. Williams College- Association in Arts (Pre-Law)
- National University – Bachelor of Science in Education
- Manuel L. Quezon University – Bachelor of Law
- NDCP – Master of National Security Administration (MNSA)
- PUP - Doctor of Public Administration (earned 21 units)

OTHER BUSINESS EXPERIENCE:

Filipinas Golf & Country Club, Inc.

H.M. Pascual Law Office

Acsay Pascual And Associates Law Office

Legal and Policy Research Department &

Enterprises Operations Department

Export Processing Zone Authority

Chief Policy Research Officer

Program Implementation Agency

Xavierville Homeowner' Association

- Director
- Partner
- Partner
- Director
- Director
- Presidential Economic Staff
- Administrative Assistant
- President
- Director

AFFILIATIONS AND MEMBERSHIPS:

Integrated Bar of the Philippines, Isabela

American Society of International Law, U.S.A

International Society for the Study of Comparative Public Law, U.S.A.

Philippine Association of Technical Assistance Participants, Manila

ELM Association of the Philippines, Inc., Manila

DESIDERIO L. LAPERAL, 65

**IMPERIAL RESOURCES
INCORPORATED**

- President/CEO (July 14, 2016 to July 13, 2017) (July 19, 2018 to July 11, 2019)
- Vice-President/Chief Financial Officer (July 13, 2017 to July 11, 2019) Vice-President (1996 to July 2016)(July 13, 2017 – July 18, 2018)
- Treasurer (1996 to July, 2016)
- Director (1977-1981;1996 to present)

EDUCATIONAL ATTAINMENT:

1965 - 1971

1971 - 1973

1973 - 1978

- Elementary – La Salle, Mandaluyong City
- Institute Le Rosey, Switzerland – High School
- B. S. Finance -University of Santa Clara, USA

OTHER BUSINESS EXPERIENCE:

Pacifica, Inc.

Filipinas Golf & Country Club, Inc.

Philippine Cyber College Corp.
LMI Holdings Corporation
Laperal Realty Corporation
Rockway Real Estate Corporation
LTC Real Estate Corporation
Keystone Agricultural Ventures, Inc.
Imperial Development Corporation
Phil. Hybrid Seeds, Inc.
Phil. Agro-Research Corporation

- Vice-President/Treasurer (1996 to July 1997)
- Vice-President (1976 to 1981)
- Director (1978 to August 2010)
- Senior Vice-President (1991 to 2000)
- Vice-President (1990 to 2000)
- Director (1979 to present)
- President (2001 to 2014)
- Vice-President/Treasurer (2000 to present)
- Vice-President/Treasurer (1997 to present)
- Vice-President/Treasurer (1985 to present)
- Vice-President (1982 to present)
- Vice-President /Treasurer (1982 to present)
- President (1982 to present)
- Vice-President /Treasurer (1985 to present)
- Vice-President (1980 to present)
- President (1980 to present)

AFFILIATIONS AND MEMBERSHIPS:

Rotary Club of Makati-Ayala

- Charter Member (1983 to present)

OLIVERIO L. LAPERAL, JR. 70

**IMPERIAL RESOURCES
INCORPORATED**

- President/Chief Executive Officer (July 13, 2017 to July 18, 2018, July 11, 2019)
- Vice – President /Chief Financial Officer/
Treasurer (July 14, 2016 to July 13, 2017,
July 19, 2018 to July 19, 2018)
- Director (March 28, 2016 to present)

EDUCATIONAL ATTAINMENT:

1968 – 1969

1969 - 1973

1973 - 1975

- De La Salle University (Mla.) School of
Engineering
- Cornell University (NY, USA) BS. Honors
- Cornell University (NY, USA) MBA

OTHER BUSINESS EXPERIENCE:

Statler Hotel, New York, USA
Chemical Bank of New York, Wall St,
USA

Holiday Inn. Vancouver BC, Canada

Pioneer Savings & Loan. Manila

Pacific Shores Capital Dev Corp.

R. S Video & Film Productions

Filipinas Golf & Country Club, Inc.

- Front Desk Manager. 1974-1975
- Assistant Manager. 1975
- Assistant Manager. 1975
- Director & VP for Marketing. 1975-1980
- Exec VP. 1975-1980
- President & Managing Dir. 1980- present
- Co-President/Managing Dir. 1975-1980. 2016-
present

AFFILIATIONS AND MEMBERSHIPS:

Society of Motion Picture and Television Engineers (SMPTE), New York, USA

National Association of Broadcasters. Washington, DC, USA

Adverting Suppliers Association of the Phils.

Commercial Production House Group

Rotary Club of Makati West

Phil. Practical Shooting Asso. Phil National Team.

Waterski Asso. of the Philippines. Phil National Team. Southeast Asian record holder.

Manila Polo Club.

Alabang Country Club

Subic Bay Yacht Club

Tagaytay Highlands & Midlands.

Licensed Pilot. Instrument Rated. Philippines & USA. Licensed drone commercial pilot.

VILMA B. VILLANUEVA, 77

**IMPERIAL RESOURCES
INCORPORATED**

- Comptroller (2001 to present)
- Chief Accounting Officer (2001 to present)
- Assistant Treasurer (1974 to present)
- Director (1994 to present)

EDUCATIONAL ATTAINMENT:

1948 - 1954

1954 - 1958

1958 - 1962

1969 - 1971

- Mangatarem Elementary School
- Mangatarem High School
- University of the East – BBA (Accounting)
CPA
- Letran College – MBA (Undergraduate)

OTHER BUSINESS EXPERIENCE:

Pacifica, Inc.

Liberty Mines, Inc.

Filipinas Golf & Country Club, Inc.

Imperial Development Corporation
Keystone Agricultural Ventures, Inc.

- Director (1994 to July 1997)
- Treasurer (1977 to July 1997)
- Director (1990 to 1996)
- Asst. Corporate Secretary & Asst. Treasurer
(1979 to 1996)
- Comptroller/Chief Accounting Officer
(May 2008 to present)
- Director (1989 to present)
- Assistant Secretary (1990 to 1994)
- Treasurer (1995 to April 2008)
- Assistant Treasurer (1986 to present)
- Director (2000 to present)

GENELITA G. MANANDIC, 57

**IMPERIAL RESOURCES
INCORPORATED**

- Independent Director (June 10, 2010 to
present)

EDUCATIONAL ATTAINMENT:

1970 - 1976

1976 - 1980

1981 - 1986

- Balanga Elementary School
- Tomas Del Rosario Academy
- Civil Engineering - University of the East

OTHER BUSINESS EXPERIENCE:

Filipinas Golf and Country Club, Inc.
COCOLIFE

Everlasting Memorial Park
Subic Bay Waterfront Development
Corporation
Thocaris One Inc.
Matthews Cremation Division
Fruit and Veggie Friends Club, Inc.

- Director (April 2010 to present)
- Life Underwriter (1991 to 1992)
- Agency Manager (1992 to 1995)
- Marketing Manager (1995 to 1996)
- Group Manager (1996 to 1999)
- Partners (1990 to date)
- Phil. Representative (1990 to date)
- Founder, Lecturer (1994 to date)

ANTHONY NELSON G. MENDOZA, 77

**IMPERIAL RESOURCES
INCORPORATED**

- Independent Director (April 21, 2010 to present)

EDUCATIONAL ATTAINMENT:

1971 - 1973

1965 - 1968

1961 - 1965

1959 - 1961

1955 - 1959

1949 - 1955

- De La Salle University – MBA
- Loyola House, Ateneo Manila – Theology
- San Jose Seminary, Ateneo Manila
- AB Philosophy, Cum Laude
- San Jose Seminary, CDO – AA Humanities, Valedictorian
- High School – Honor Class – ICC, Ozamis
- Elementary

OTHER BUSINESS EXPERIENCE:

Blessed Entrepreneurial Agribusiness
Dev't. Corp.

- President / CEO (2007 to present)

Bless Tahanan Corporation
Bless Microfinance Corporation
San Miguel Corporation

- President / CEO (2006 to present)
- President / CEO (1998 to present)
- Sales Service Manager (1987 to 1996)
- Senior Staff Logistics (1985 to 1987)
- Planning Manager (B-Meg) (1983 to 1985)
- OD Consultant (1979 to 1981)
- OD Adviser (1981)
- Management Consultant (1973 to 1978)
- Member (1981)
- President (1989 to 1990)
- President (1994 to 1999)
- President (2004 to 2006)
- President Elect / VP (2008 to 2009)

Brunei Shell Petroleum
Economic Development Foundation
Rotary Club of Kuala Belait Brunei
Kiwanis Club of Metropolis Quezon City
Fraternitas
Rotary Club of Palanyag Paranaque
Rotary Club of Alabang

JESUS VICENTE B. CAPELLAN, 53

**IMPERIAL RESOURCES
INCORPORATED**

- Corporate Secretary/Director (Feb. 28, 2014 to present)

EDUCATIONAL ATTAINMENT:

1973 - 1980

1980 - 1984

1984 - 1985

1985 - 1988

1988 - 1993

- Elementary – Saint Ferdinand College
- High School – San Jacinto Seminary
- San Pablo Seminary - Bachelor of Arts in Philosophy
- University of Santo Tomas – Bachelor of Arts in Philosophy
- Post Graduate - University of Santo Tomas – Bachelors of Laws

OTHER BUSINESS EXPERIENCE:

Filipinas Golf & Country Club, Inc.

- Corporate Secretary/Director (Feb. 28, 2014 to present)

LTC Real Estate Corporation
Philippine Cyber College Corp.
Imperial Development Corporation

- Corporate Secretary
- Corporate Secretary
- Corporate Secretary
- Corporate Secretary
- Trial Lawyer
- Corporate Secretary
- Corporate Secretary
- Trial Lawyer
- Corporate Secretary
- Faculty/Consultant
- Of Counsel

Keystone Agricultural Ventures, Inc.
Laperal Realty Corporation

LMI Holdings Corporation
San Beda College Alabang, School of Law
The Firm of Sarmiento Delson & Resurreccion

- Apprentice
- Trial Lawyer/Consultant
- Trial Lawyer
- Trial Lawyer
- Asst. Vice-President
- Member

Alternative Dispute Resolution (ADR)

Manila Bulletin Corporation
Ateneo De Manila University (Loyola)
De La Salle (Greenhills)

National Center for Mediation
Philippine Institute of Arbitrators, Inc.

AFFILIATIONS AND MEMBERSHIPS:

President, UST AB Pax Romana (Social Action Center) (1986-1988)
Treasurer, UST AB Philosophy Council (1986-1988)
Member, UST AB Legion of Mary (1986-1988)
Member, Knights of Columbus, Council No. 7884 (UST College Council) (1987-Present)

COVER SHEET

3 9 2 4 3
S.E.C. Registration Number

IMPERIAL RESOURCES, INC.

(Company's Full Name)

82 - J 4TH STREET NEW MANILA
QUEZON CITY

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

JESUS VICENTE B. CAPELLAN
Contact Person

831-4719 / 724-2986
Company Telephone Number

1 2 3 1
Month Day
Fiscal Year

SEC FORM 17-Q
Quarterly Report as of March 31, 2020
Form Type

0 7
Month Day
Annual Meeting

Secondary License Type, if Applicable

C G F D
Dept. Requiring this Doc.

Amended Articles Number/Section

1 6 7 0
Total No. of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended: March 31, 2020
2. Commission identification number: 39243 3. BIR Tax Identification No.: 000-463-670

IMPERIAL RESOURCES, INC.

4. Exact name of issuer as specified in its charter

Metro Manila, Philippines

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

6. Industry Classification Code: (SEC Use Only)

Unit 202 Villa Building, No. 78 Jupiter Street corner Makati Avenue, Barangay Bel-Air, Makati City 1200

7. Address of issuer's principal office

Postal Code

(632) 724-2986

8. Issuer's telephone number, including area code

82-J 4th Street, New Manila, Quezon City

9. Former name, former address and former fiscal year, if changed since last report

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Voting Shares – P1.00 par value 652,500,000 Million Voting Shares	652,500,000 Million Voting Shares
	There are no debt securities
	Amount of Debt Outstanding – 49,671,117

One Hundred Fifty Million (150,000,000) Common voting shares are exempted from registration

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

Yes ☒

No ☐

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange Common Voting shares

There are One Hundred Million (100,000,000) Common Voting shares listed in the Philippine Stock Exchange, One Hundred Fifty Million (150,000,000) Common Voting shares are being readied for listing application.

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes ☒

No ☐

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

Yes ☒

No ☐

PART I – FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

1. The Financial Statements are as follows:

- a) Consolidated Statements of Financial Position as of March 31, 2020 (Unaudited) and December 31, 2019 (Audited).
- b) Unaudited Consolidated Statements of Changes in Equity for the Quarters Ended March 31, 2020 and 2019.
- c) Unaudited Consolidated Statements of Comprehensive Income for the Quarters Ended March 31, 2020 and 2019.
- d) Unaudited Consolidated Statements of Cash Flows for the Quarters Ended March 31, 2020 and 2019.
- e) Aging of Accounts Receivable as of March 31, 2020.

Item 2. ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

During the first quarter of 2020, per data provided by the Philippine Stock Exchange, Parent Entity (IMP) shares traded at a high of P1.53, low at P1.00 and closed at P1.00. The total volume of shares traded during the quarter was 332,400 shares. On the other hand during the first quarter of 2019 the shares of stocks traded at a high of P2.21, low of P1.82 and closed at P1.88 with a volume of 1,755,261 shares.

The Company received cash advances during the quarter covered by this report from a stockholder amounting to P1.24 million which funded the administrative expenses during the said period which amounted to P1.25 million.

During this quarter the income earned came from interest income earned by the Parent Entity amounting to about P1.2 thousand.

The Group during the first quarter of 2020 did not dispose any asset of material amount nor does it plan to do it in the near future. It has not budgeted nor committed any substantial amount for material or capital expenditures for the coming quarters.

The Indonesian partners have not stopped looking for prospective investors for the mining project in Indonesia who are willing to enter into a joint-venture agreement with the Parent entity because the project requires huge capital outlay. As regards the silica mining project being offered to the Parent entity, while management after evaluation and analysis believes that the feasibility studies submitted shows fairly good ROI, management is still waiting for new environmental and mining policies and pronouncements by the different government agencies which might have a great impact on the project. The Laperal family and LTC Real Estate Corporation are committed to support and fund the said projects.

In the latter part of 2018 the Vice President travelled to Europe for preliminary discussion and observation of IT-based business applications related to remote sensing of marine and land resources, land-use, and community development. Again in June 2019 he travelled to Europe to meet with potential partners and continue discussions on investment opportunities in the Philippines. On that trip, he accompanied two Italian businessmen to the Philippine Consul in Milan, Italy to confer with Consul General Irene Susan Natividad and Consul Mersole Mellejor. Mr. Laperal invited the two Italian businessmen to visit Manila in 2019 but the date was subsequently reset to March, 2020. The COVID-19 pandemic has caused the visit to be cancelled. The recent reopening of regional economies from COVID-19 gives management hope that before the end of 2020 the visit will materialize resulting to fruitful discussions. Meantime, the Laperal family continues to support financially the operations of the Parent Entity.

The COVID-19 pandemic which started during the first quarter of 2020 has an impact on the operations of the Group.

When the government ordered Enhanced Community Quarantine (ECQ) in Metro Manila on March 15, 2020 management decided to temporarily stop its operations to safe guard the health of its officers and employees. Our government has been struggling to face this pandemic with little resources and knowhow technologically, scientifically, medically, financially and economically. It has made progress arresting the spread of this Covid-19.

The government gave directive to gradually lift the enhanced community quarantine (ECQ) in Luzon. In fact, Metro Manila is presently under general community quarantine (GCQ). While Metro Manila and other provinces in Luzon are in the process of transitioning to a less stringent community quarantine, management is very cautious in evaluating and planning its business strategy to sustain its operation because of the strong possibility of an increase in the Covid-19 cases.

The Group is operating under a challenging business environment. This entails additional expenses to maintain its work force. Since most of its employees live outside of Quezon City, where the company office is located, management is mandated to provide transportation to and from work place everyday while others are provided with bed and board within the office premises. As mandated, management also provides facemask, alcohol, disinfectants, soap, and sanitizers. More gasoline expenses will be incurred because of the use of company vehicles for messengerial activities due to lack of public transportations. All employees are required to observe social distancing inside and outside of the work place. This set up also affects the mobility, mental and emotional condition, as well as focus and concentration of the employees in discharging their duties and responsibilities because of the health hazard they are exposed to.

Management is now planning and studying based on our current office and work set up the possibility of adopting the mode of work from home with the use of modern technology and online resources including evaluation and installation of security measures. Depending upon the nature and volume of work management is looking at maintaining skeletal force during this pandemic period. It also encourages the use of online banking and other business transactions to minimize administrative costs.

Material changes (five percent (5%) or more) in the accounts under the unaudited consolidated statements of financial position as at March 31, 2020 compared with the figures appearing in the audited consolidated statements of financial position as at December 31, 2019 including the reasons for such changes are presented below:

1. Cash and Cash Equivalent

This account decreased by about 8% or P228 thousand during this first quarter of 2020 because as shown in the cash flow statement the total cash advance received from a stockholder was P1.24 million while the net cash used in operation was P1.468.

2. Accruals and other payables —

The decrease of about 69% or P164 thousand was the result of the payment of accrued expenses during the first quarter of 2020.

Discussed below are the material changes (five per cent (5%) or more) in the accounts under the Consolidated Statements of Comprehensive Income for the first quarter of 2020 in comparison with the same period in 2019 including the causes of such changes:

A. Income Account

1. Interest Income

This account decreased during the first quarter of 2020 by about 26% or P411 because of lesser investible funds compared with the first quarter of 2019.

B. Administrative Expenses Accounts

1. Salaries & Wages -

In the middle of 2019 one (1) employee resigned resulted to the decrease by about 21% or P137 thousand.

2. Utilities -

A decrease of about 7% or P6.6 thousand in the first quarter of 2020 was due to the temporary shut-down of the Company operations due to COVID-19 pandemic.

3. Rental -

Because of the temporary suspension of the operations of the Company the office rental for the month of March 2020 was not paid. This caused the decrease by about 3% or P62 thousand.

4. Repairs and Maintenance -

A decrease in this account by about 63% or P34 thousand compared with the figure for the first quarter of 2019 was due to the fact that the vehicles being used by the company were in a better running condition than in 2019.

5. Travel and Transportation-

This account includes gasoline and oil expense for company vehicle and motorcycle for the messengers, the cost of which decreased during the first quarter of 2020 compared to the figure during the same period in 2019 by about 11% or P7.8 thousand because there were lesser messengerial activities due the suspension of operations.

6. SSS, PHIC and HDMF contributions

The decrease of about 45% or P4 thousand during the first quarter of 2020 compared with the figure in the first quarter of 2019 was due to the resignation of two (2) employees in 2019.

7. Supplies and Other Office Expenses—

This account includes office supplies, advertising, printing and reproduction expenses. The usage of office supplies during the first quarter of 2020 decreased by about 18% or P1.3 thousand because of the suspension of Company operations.

8. Security services —

There was a decrease of about 33% or P17 thousand during the first quarter of 2020 because the Company did not pay the security agency fees due to the suspension of its operations.

9. Miscellaneous—

This account increased by about 9% or P3 thousand in 2020 because of the cost of signage for the building for lease owned by the subsidiary (PCCC). There was no expense of this nature incurred in 2019.

10. Insurance -

There was an decrease of about 78% or P17 thousand during the first quarter of 2020 compared with figure for the same period in 2019 because the Company paid the insurance premiums during the second quarter of 2020.

11. Dues & Subscription -

This amount increased by 7% or P19.5 thousand because the Company changed and upgraded its website provider during the first quarter of 2020.

12. Professional fee -

The decrease of about 5% or P2 thousand in 2020 was due to the decrease in the fees paid to the transfer agency for SEC reports.

THE GROUPS FINANCIAL SOUNDNESS INDICATORS

Presented below are the Financial Soundness Indicators used by the Group for the March 31 2020, December 31, 2019 and March 31, 2019

	March 31, 2020	December 31, 2019	March 31, 2019
(i) Current/liquidity ratios:			
$\frac{\text{Current assets}}{\text{Current liabilities}}$	$\frac{2,802,633}{75,324} = 37.2:1$	$\frac{3,031,287}{239,583} = 12.65:1$	$\frac{2,882,934}{2,081,518} = 1.39:1$
(ii) Debt-to-equity ratios:			
$\frac{\text{Total liabilities}}{\text{Equity}}$	$\frac{49,671,117}{795,579,884} = 0.06:1$	$\frac{48,595,377}{796,884,279} = 0.06:1$	$\frac{42,131,376}{474,665,059} = 0.05:1$
(iii) Solvency ratios:			
$\frac{\text{Total liabilities}}{\text{Total assets}}$	$\frac{49,671,117}{845,251,002} = 0.06:1$	$\frac{48,595,377}{845,479,656} = 0.06:1$	$\frac{42,131,376}{839,796,435} = 0.05:1$
(iv) Asset-to-equity ratios:			
$\frac{\text{Total assets}}{\text{Equity}}$	$\frac{845,251,002}{795,579,884} = 1.06:1$	$\frac{845,479,656}{796,884,279} = 1.06:1$	$\frac{839,796,435}{797,665,059} = 1.06:1$
(v) Interest rate coverage ratios (Earnings before interest and taxes/Interest expense):			
This ratio is not applicable since the Company has no interest expense.			
(vi) Profitability ratios (Net profit after taxes/Revenues before cost of services):			
$\frac{\text{Net profit after taxes}}{\text{Revenues}}$	$\frac{(1,304,394)}{1,193} = (1,093.37):1$	$\frac{(2,498,917)}{5,509,770} = (0.45):1$	$\frac{(1,569,109)}{1,604} = (978.25):1$

2. Notes to Interim Financial Statements and Other Required Disclosures:

- The Group's unaudited interim financial statements as of March 31, 2020 presented in this report have been prepared in conformity with generally accepted accounting principles. The same have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS) and Philippine Accounting Standards (PAS). The same accounting policies and methods of computation were followed in the unaudited interim financial statements as compared with the Company's audited financial statements as of December 31, 2019.
- There were no items affecting assets, liabilities, equity, net income, or cash flows considered unusual because of their nature, size, or incidents aside from what is disclosed in the "Analysis of Financial Condition and Results of Operation" portion.
- The Group did not use estimates of amounts in its interim period reports covering the 1st quarter of the year 2020 and end of the year 2019, hence, no changes that have material effect in the current interim period can be reported.
- The Group has no issuances, repurchases and repayments of debt and equity securities. It has no short-term or long-term promissory notes. Therefore, it has no interest expense nor amortization of debt discount and expense or premium.

- e. There has been no changes in the composition of the Group during the interim period covered by this report, including business combinations, acquisition or disposal of subsidiaries and long-term investments, and restructurings. As regards PCC, the subsidiary, which temporarily suspended the operations of its techno-vocational project since the start of 2010, at the meeting of the Board of Directors on May 17, 2013 the dormancy status of PCC due to significant losses it has incurred was resolved and approved.
- f. The Group has no contingent liabilities or contingent assets since December 31, 2019.
- g. There are no material contingencies and any other events or transactions that are material to an understanding of the current interim period.
- h. There were no material segment revenue and segment business results during the period covered by this report.
- i. There has been no cash or stock dividends paid by the Group since their incorporation.
- j. Certain accounts have been reclassified and comparative figures have been adjusted to conform with the presentation of the Consolidated Financial Statements as of December 31, 2019. The accounting policies adopted in the preparation of the consolidated financial statements as of December 31, 2019 and interim financial statements as of March 31, 2020 are consistent with those of the previous financial year except for the adoption of the following new and amended standards and interpretations, which became effective beginning January 1, 2019. The adoption of these new and amended standards and interpretations did not have significant impact on the Parent Entity and Subsidiary's financial statements.

3.2.1 New standards, amendments to existing standards and interpretation effective in the current year and are relevant to the Parent Entity and Subsidiary's operations.

- PFRS 16 *Leases* - This new standard replaces the following standards and interpretations: (a) PAS 17, *Leases*; (b) IFRIC 4, *Determining whether an Arrangement contains a Lease*; (c) SIC-15 *Operating Leases – Incentives*; and (d) SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The biggest change is that Lessees do not need to classify the lease at its inception and determine whether it's finance or operating lease. The standard introduces new accounting model for all leases. A lessee shall recognize a right-of-use asset and a lease liability, except for leases with a lease term of 12 months or less and containing no purchase options and leases where the underlying asset has a low value when new (such as personal computers or small items of office furniture). Early application is permitted but the Parent Entity and Subsidiary opted not to early adopt the standard.

The Parent Entity and Subsidiary adopted this standard using the modified retrospective method with initial application on January 1, 2019. The adoption of this standard does not have significant impact on the Parent Entity and Subsidiary's financial statements since the existing lease agreements have a lease term of twelve (12) months or less.

- Amendments to PAS 19 (Revised), *Plan Amendment, Curtailment or Settlement* – The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to (a) determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to measure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and (b) determine net interest for the remainder of the period after then amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the

discount rate used to remeasure that net defined benefit liability (asset).

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

The adoption of this amendment has no significant impact on the Parent Entity and Subsidiary's financial statements.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments* – This interpretation provides requirements on how to reflect the effects of uncertainty in accounting for income taxes.

The adoption of this amendment has no significant impact on the Parent Entity and Subsidiary's financial statements.

3.2.2 New standards, amendments to existing standards that are not yet effective in the current year but are relevant to the Parent Entity and Subsidiary's operations

These are new PFRS, revisions, amendments to existing standards, annual improvements and interpretations that are effective for periods subsequent to December 31, 2019 and are relevant to the Parent Entity and Subsidiary's operations, however, the adoption are not expected to have significant impact on the Parent Entity and Subsidiary's financial statements:

Effective in 2020:

- Amendments to PFRS 3, *Definition of a Business* - The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets in a group of assets rather than a business.
- Amendments to PAS 1 and PAS 8, *Definition of Material* – The amendments revised the definition of material. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.
- The group is currently assessing the impact of adopting the amendments.

k. Financial Risk Management Objectives and Policies

The Group's activities are exposed to a variety of financial risks: credit risk, liquidity risk, market risk and fair value estimates. The Group's overall risk management program seeks to minimize potential adverse effects on its financial performance and to make an optimal contribution to its revenues by managing these risks. The Parent Entity's risk management, vested thru the Board of Directors, focuses on actively securing its short to medium-term cash flows by minimizing the exposure to financial risks. Long-term financial investments are managed to generate lasting returns.

Management is aware of the following risks that the Company will face in the future as regards its mining project:

1. Mining metals and non-metals is essentially risky and expensive and faced with multiple problems.
2. The prices of commodities are always subject to fluctuations.
3. All governments change its heads and regulations are subject to unpredictable changes and government laws and regulatory policies and corporate governance poses hazards to plan, execute and deliver on long-term projects.
4. The global weather is unpredictable.
5. Many governments are demanding larger and larger share of the profits. Higher taxes and rents are seen as management problems.
6. Terms of contracts may be subjected to unpredictable changes.

Management's Responses and Outlook

1. The Company's main goal is to explore for less risky exploration and exploitation minerals.
2. Shorten exploration period and look for the most economical ways to explore and conduct the latest geological and geophysical techniques to minimize risks of exploration.
3. Management will engage experts to utilize proven hedge and financial initiatives to mitigate and minimize the inherent risks of the volatility of commodities.
4. The Group is aware of the importance of community welfare and community relationship

Financial risk factors

The Group's financial assets and liabilities, comprising mainly of cash and cash equivalents, trade and other receivables, available-for-sale investments and refundable deposits are exposed to a variety of financial risks. The management ensures that it has sound policies and strategies in place to minimize potential adverse effects of these risks in the Group's financial performance. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

1. Credit Risk Management

Credit risk refers to the risk that a counterpart will default on its obligations resulting in financial loss to the Group. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets.

The credit risk for cash and cash equivalent is assessed by Management as low risk since these are deposited with reputable banks which have low probability of insolvency. The amount of the Group's trade and other receivables account is not material. The Group's maximum exposure to credit risk from the available-for-sale investments is equivalent to the fair value of the shares in the Philippine Stock Exchange (PSE). The Group has no investments in foreign securities. The total carrying amount of the financial assets composed of cash and cash equivalents, other receivables, and deposit as presented in the financial statements as of March 31, 2020 is 2,810,146. These financial assets are not impaired and none are used for collateral or other credit enhancements.

2. Liquidity Risk Management

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risk by maintaining adequate highly liquid assets in the form of cash and cash equivalents. A call of subscription receivable by the Board of Directors of the Parent Entity is an alternative to raise cash. The major stockholders have committed to make advances to the Parent Entity to sustain its operations. A stockholder made a cash advance amounting to P1,240,000 during the first quarter of 2020. The current ratio as of March 31, 2020 is 37.2:1.

3. Market Risk Management

Market risk is the risk of loss to future earnings, to fair value or to future cash that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes.

3.1 Interest rate and foreign currency risk

The Group's exposure to the risk of changes in interest rates is minimal since its cash and cash equivalents have fixed interest rates not affected by interest rates in the market. The Group does not have any interest bearing notes payable and is therefore not affected by changes in interest rates. The Parent Entity is exposed to foreign currency risk primarily with respect to its monetary assets denominated in US Dollar which are used to cover the exploration and development costs of its mining project in Indonesia. The Parent Entity's financial position and financial performance are affected by the movements in the Philippine Peso to US Dollar exchange rates. Foreign currency risk arises when recognized assets and liabilities are denominated in a currency that is not the entity's functional currency.

The balance of the US Dollar denominated cash and cash equivalents was US\$ 45,339 on December 31, 2019 and US\$ 45,376 on March 31, 2020. Any unrealized gain/loss from foreign exchange rate is taken up at the end of the year.

3.2 Other Price Risk Sensitivity

The Parent Entity's market price risk arises from available-for-sale financial asset which is carried at fair value. It manages its risk from changes in market price by monitoring the changes in the market price of the investments.

Since there has been no available market value in the PSE since 2010 of Philcomsat Holdings, Corp. due to its suspension from trading the Company recognized impairment loss of P720,000 as of December 31, 2019.

1. Operating Segment

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

In 2009, with the interest of the Parent Entity in mining, this business segment can be reported as an operating segment even though it is still in its exploratory stage. The business segment is organized and managed separately according to the nature of the services provided. A segment asset includes all operating assets used by a segment and consists of supplies, deposits, exploration and evaluation assets, property and equipment (net of accumulated depreciation),

With the granting of rights of exploration, development and operation of the mining concessions in Indonesia, as of March 31, 2020, there is nothing to report on mining business segment while the total segment assets under exploration and evaluation asset account amounts to P50,472,348 as of March 31, 2020 broken down into acquisition of rights to explore amounting to P11,795,500 and geophysical studies amounting to P38,676,848.

Aside from the effect of Covid-19 pandemic which is discussed on page 3. Management has no knowledge of any other trends, demands, commitments, events, or uncertainties that would have

material impact on the Group's liquidity. The Group look at its current assets as source of liquidity. The Group still expects to collect some subscription receivables from its by way of a formal call by the board of directors. Management has no knowledge of any other trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the Group's operations. Management is not aware of any significant elements of income or loss that did not arise from the Group's operations nor were there any seasonal aspects that had material effect on the financial condition of the Group during the period covered by this report.

Except for the current financial obligation; there are no events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation. There are no material 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.

As at the end of the 1st quarter of year 2020, the Group was not in default in any of its indebtedness. It has enough resources or can raise resources if necessary, in order to meet any of its obligations and implement its planned activities. It does not foresee any liquidity problem in the coming quarters.

PART III – OTHER INFORMATION

All material events and / or matters during the period covered by this report were disclosed under SEC Form 17-C. There are no other material matters/events during the period covered by this report which are required by SEC to be disclosed that are not disclosed with SEC.

IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY

Consolidated Statements of Financial Position

March 31, 2020 and December 31, 2019

Amounts in Philippine Peso

	March 31	*	December 31	**
	2020		2019	
A S S E T S				
Current assets				
Cash and cash equivalents	P	2,751,305		2,979,446
Trade and other receivables (net)		13,841		14,354
Prepayments		37,487		37,487
Total current assets		2,802,633		3,031,287
Non current-assets				
Investment in stocks		80,000		80,000
Property and Equipment - net		3,134		3,134
Investment property		790,500,000		790,500,000
Exploration and evaluation assets		50,472,348		50,472,348
Refundable Deposit		45,000		45,000
Deferred Tax Asset		1,347,887		1,347,887
Total non-current assets		842,448,369		842,448,369
TOTAL ASSETS	P	845,251,002		845,479,656
LIABILITIES AND EQUITY				
Current liabilities				
Accruals and other payables	P	72,811	P	237,070
Income Tax Payable		2,513		2,513
Total current liabilities	P	75,324	P	239,583
Non-current liabilities				
Retirement benefits payable		4,492,954		4,492,954
Advances from stockholders		45,102,840		43,862,840
Total non-current liabilities		49,595,794		48,355,794
TOTAL LIABILITIES		49,671,117		48,595,377
Total Equity Attributable to the Owners of the Parent				
Share Capital		636,563,546		636,563,546
Remeasurement of retirement benefits payable		146,340		146,340
Retained earnings / (Deficit)		159,109,267		160,413,126
		795,819,153		797,123,012
Non-controlling Interest		(239,268)		(238,733)
TOTAL EQUITY		795,579,885		796,884,279
TOTAL LIABILITIES AND EQUITY	P	845,251,002	P	845,479,656

* Unaudited

** Audited

IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY

Consolidated Statements of Comprehensive Income

(Unaudited)

For the Quarters ended March 31, 2020 and 2019

		Amounts in Philippine Peso	
		<u>March 31</u>	<u>March 31</u>
		2020	2019
INCOME			
Interest Income	P	1,193	P 1,604
EXPENSES			
Salaries and Wages		508,281	646,230
Professional Fees		42,487	44,756
Utilities		87,753	94,334
Rental		138,715	201,011
Repairs and Maintenance		20,015	54,002
Transportation and Travel		63,204	70,923
Dues and Subscription		317,720	298,211
Miscellaneous		40,009	36,760
Security Services		34,000	51,000
Supplies and other office expenses		8,729	7,411
SSS, PHIC and HDMF contributions		5,040	9,157
Taxes and Licenses		34,829	35,074
Insurance		4,805	21,843
	P	<u>1,305,587</u>	<u>1,570,712</u>
LOSS FROM OPERATIONS		<u>(1,304,394)</u>	<u>(1,569,109)</u>
OTHER COMPREHENSIVE INCOME (LOSS)		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS)		<u><u>(1,304,394)</u></u>	<u><u>(1,569,109)</u></u>
LOSS FOR THE QUARTER			
ATTRIBUTABLE TO :			
Owners of the Parent		(1,303,859)	(1,568,447)
Non-Controlling Interest		(535)	(662)
	P	<u><u>(1,304,394)</u></u>	<u><u>P (1,569,109)</u></u>
LOSS PER SHARE		<u><u>(0.002)</u></u>	<u><u>(0.002)</u></u>

Note:

Loss per share amounts are computed by dividing the net loss attributable to the owners of the Parent for the period over the number of shares issued and outstanding at the end of the period which is 652,500,000 shares for 2020 and 2019.

IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY**Consolidated Statements of Changes in Equity****(Unaudited)****March 31, 2020 and 2019**

	Amounts in Philippine Peso	
	March 31	March 31
	2020	2019
EQUITY		
Capital stock - par value - P1.00 for 2020 and 2019		
Authorized - 1,800,000,000 shares for 2020 and 2019		
Common Stock - 1,800,000,000 shares for 2020 and 2019		
Common Stock - Issued and outstanding - 230,643,195		
for 2020 and 2019 ,		
Balance at beginning of year	P 230,643,195	P 230,643,195
Issued	-	-
Balance at end of period	230,643,195	230,643,195
Common Stock - subscribed capital stock - 421,856,805		
shares for 2020 and 2019,		
Balance at beginning of year	421,856,805	421,856,805
Addition (Deduction) - net	-	-
Balance at end of period	421,856,805	421,856,805
Less: subscription receivable		
Balance at beginning of year	15,936,454	15,936,454
Addition (Deduction) - net	-	-
Balance at end of period	15,936,454	15,936,454
	405,920,351	405,920,351
Total share capital	636,563,546	636,563,546
Remeasurement of retirement benefits payable	146,340	(2,689)
Retained Earnings		
Balance at the beginning of year	160,413,126	162,908,520
Comprehensive loss for the period	(1,303,859)	(1,568,447)
Balance at the end of the period	159,109,267	161,340,073
Non-Controlling interest	(239,268)	(235,871)
TOTAL EQUITY	P 795,579,885	P 797,665,059

IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY**Consolidated Statements of Cash Flows****(Unaudited)****For the Quarters Ended March 31, 2020 and 2019**

	Amounts in Philippine Peso	
	March 31 2020	March 31 2019
Cash Flows from Operating Activities		
Net loss from Operations	P (1,304,394)	P (1,569,109)
Adjustments for Interest Income	(1,193)	(1,604)
Decrease (Increase) in :		
Receivables	513	10,052
Prepayments	-	17,552
Increase (Decrease) in :		
Accruals and other Payables	(164,260)	(191,733)
Cash Used in Operating Activities	(1,469,334)	(1,734,842)
Interest Income Received	1,193	1,604
Net Cash Used in Operating Activities	(1,468,141)	(1,733,238)
Cash Flows from Investing Activities	-	-
Cash Flows from Financial Activities		
Additional Paid up Capital	-	-
Advances from stockholders	1,240,000	1,100,000
Net Cash Provided from Financial Activities	1,240,000	1,100,000
Net Increase (Decrease) in Cash and Cash Equivalents	(228,141)	(633,238)
Cash and Cash Equivalents at the Beginning of the Period	2,979,446	3,468,946
Cash and Cash Equivalents at the End of the Period	P 2,751,305	P 2,835,708

IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY

Aging of Accounts Receivable (Unaudited) As of March 31, 2020

Trade and other Receivables - P	13,692.00
Loans to Employees and other companies P	13,692.00

1) Aging of accounts receivable

Type of accounts receivable	Total	1 Month	2-3 Mos.	4-6 Mos.	7 Mos To 1 Year	1-2 Years	3-5 Years	5 Years- above	Past due accounts & Items in Litigation
a) Trade receivables									
1) Trade receivables	-	-	-	-	-	-	-	-	-
b) Non-trade receivables									
1) Loan to employees	13,692.00	-	-	-	13,692.00			-	
2) Others	-	-	-	-	-				
Others-Accrued Interest	13,692.00	-	-	-	13,692.00	-	-	-	-
Non-trade receivable									
Total accounts receivable (net)	13,692.00								

2) Accounts receivable description

Type of receivable	Nature/Description	Collection Period
1) Loans to employees	Loans to company employees	one (1) year
2) Others	Advances to other companies	

3) Normal Operating Cycle : Calendar Year (12 months)

*Note: No additional allowance for bad debts was set up during the quarter ending March 31, 2020.
No reversal of allowance for doubtful accounts.*

SIGNATURES

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 thereunto duly authorized.

Issuer

IMPERIAL RESOURCES, INC.

Signature and Title

JESUS VICENTE B. CAPELLAN
Corporate Secretary

Date

June 25, 2020

Signature and Title

VILMA B. VILLANUEVA
Comptroller/Assistant Treasurer

Date

June 25, 2020

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number
3 9 2 4 3

COMPANY NAME
IMP E R I A L R E S O U R C E S ,
I N C O R P O R A T E D A N D S U B S I D I A R Y

PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)
U N I T 2 0 2 V I L L A B U I L D I N G ,
N O . 7 8 J U P I T E R S T R E E T C O R N E R
M A K A T I A V E N U E , B A R A N G A Y
B E L - A I R , M A K A T I C I T Y ,
M E T R O M A N I L A

Form Type Department requiring the report Secondary License Type, if Applicable
A C F S C R M D N/A

COMPANY INFORMATION
Company's Email Address N/A
Company's Telephone Number/s 721-6994
Mobile Number N/A
No. of Stockholders 1669
Annual Meeting (Month/Day) JULY 11
Fiscal Year (Month/Day) DECEMBER 31

CONTACT PERSON INFORMATION
The designated contact person MUST be an Officer of the Corporation
Name of Contact Person Email Address Telephone Number/s Mobile Number
JESUS VICENTE B. CAPELLAN jvicentecapellan@yahoo.com 831-4719 09177931475

CONTACT PERSON'S ADDRESS
UNIT 202 VILLA BUILDING, NO. 78 JUPITER STREET CORNER MAKATI AVENUE, BRGY. BEL-AIR, MAKATI CITY, METRO MANILA

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

IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY

**REPORT ON EXAMINATION
OF CONSOLIDATED
FINANCIAL STATEMENTS
December 31, 2019, 2018 and 2017**

VILLARUZ, VILLARUZ & CO., CPAs

IMPERIAL RESOURCES INC.

82-J 4th Street, New Manila, Quezon City
Telephone No. 721-6994 * Fax No. 721-4648

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The management of **IMPERIAL RESOURCES INCORPORATED AND SUBSIDIARY (the Parent Entity and Subsidiary)** is responsible for the preparation and fair presentation of the financial statements, for the years ended December 31, 2019 and 2018, in accordance with Philippine Financial Reporting Standards (PFRS) 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.

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 the schedules attached therein and submits the same to the stockholders.

VILLARUZ, VILLARUZ & CO., CPAs, the independent auditor 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 audit.


HORACIO M. PASCUAL
Chairman of the Board


OLIVERIO L. LAPERAL, JR.
President/ Chief Executive Officer


DESIDERIO L. LAPERAL
Vice President / Chief Financial Officer

Signed this 9th day of June 2020



INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders of
IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY
82-J 4th Street, Barangay Mariana, New Manila
Quezon City

Report on the Audits of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY (the Parent Entity and Subsidiary) which comprise the consolidated statements of financial position as at December 31, 2019, 2018 and 2017, and consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY as at December 31, 2019, 2018 and 2017, and its financial performance and its consolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

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 Consolidated Financial Statements section of our report. We are independent of the Parent Entity and Subsidiary in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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 consolidated financial statements as at and for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Valuation of Investment property

Refer to Note 13 in the consolidated financial statements.



Management has estimated the fair value of the Parent Entity and Subsidiary's investment property to be P790,500,000 as at December 31, 2019 with a revaluation gain for the year ended December 31, 2019 recorded in the statements of comprehensive income of P5,500,000. Independent external valuation was obtained in order to support management's estimates. The valuation is dependent on certain key assumptions that require significant management judgment including selection of fair value technique to determine the carrying value of the investment property. Such fair value was determined based on recent prices of similar properties, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

Our procedures in relation to management's valuation of investment property included:

- Evaluation of the independent external valuers' competence, capabilities and objectivity;
- Assessing the methodologies used and the appropriateness of the key assumptions based on our knowledge of the property industry; and
- Checking, on a sample basis, the accuracy and relevance of the input data used.

We found the key assumptions were supported by the available evidence. The fair market value of the property was supported by comparative approach to value that considers the sale of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison which was in line with our expectations. We found the disclosures in Note 13 to be appropriate.

Recoverability of Exploration and evaluation assets

Refer to Note 14 in the financial statements.

The ability of the Parent Entity and Subsidiary to recover its exploration and evaluation assets depends on the commercial viability of the mineral resources. The carrying value of exploration and evaluation assets as at December 31, 2019 amounted to P50,472,348 which is considered material to the consolidated financial statements. This matter is important to our audit because of the substantial amount of exploration and evaluation assets and the significant management judgment involved in performing a recoverability review.

Our procedures in relation to management's assessment on the recoverability of exploration and evaluation assets included the following:

We obtained management's assessment on the recoverability of the exploration and evaluation assets, and inquired into the status of these projects and their future plan of operation. We obtained the status of the Parent Entity and Subsidiary's exploration project in Indonesia as of December 31, 2019 from the latest available reports of its Indonesian partner's technical group. We reviewed the terms of contracts and agreements, and budgets as well as the remittances made to the Indonesian partner to cover the exploration costs. We inspected reports covering licenses and permits of the exploration project to determine the right of the Parent Entity and Subsidiary to explore in specific areas. We also inquired of management about the project areas that are expected to be abandoned or any exploration activities that are planned to be discontinued in those areas. We found the disclosures in Note 14 to be appropriate.



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Parent Entity and Subsidiary'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 Parent Entity and Subsidiary or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Parent Entity and Subsidiary's financial reporting process.

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Parent Entity and Subsidiary's 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 Parent Entity and Subsidiary'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





Villaruz, Villaruz & Co., CPAs

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 Parent Entity and Subsidiary 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.

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.

VILLARUZ, VILLARUZ & CO., CPAs
000-889-941

By:


NORMITA L. VILLARUZ

CPA Certificate No. 36181

PRC ID No. 0036181 valid until September 20, 2021

PTR No. 9415439 issued on January 17, 2020 at Quezon City

BIR Accreditation No. (Individual) 07-001491-003-2017 issued on December 20, 2017 valid until December 19, 2020

BIR Accreditation No. (Firm) 07-001486-004-2017 issued on December 20, 2017 valid until December 19, 2020

SEC Accreditation No. (Individual) 0600-AR-3 (Group A) issued on October 8, 2019 valid until October 7, 2022

SEC Accreditation No. (Firm) 0128-FR-4 (Group A) issued on October 8, 2019 valid until October 7, 2022

T.I.N. 101-825-674

BOA/PRC Registration No. 0058 issued on October 4, 2018 valid until June 26, 2021

Quezon City, Philippines
June 9, 2020



IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2019, 2018 and 2017
(All amounts in Philippine Peso)

ASSETS				
	Notes	2019	2018	2017
CURRENT ASSETS				
Cash and cash equivalents	3, 8	2,979,446	3,468,946	2,613,767
Other receivables	3, 9	14,354	36,800	109,940
Prepayments	3, 10	37,487	38,030	36,726
Total Current Assets		3,031,287	3,543,776	2,760,433
NON-CURRENT ASSETS				
Investment in stocks	3, 11	80,000	80,000	80,000
Property and equipment, net	3, 12	3,134	10,846	31,393
Investment property	3, 13	790,500,000	785,000,000	550,000,000
Exploration and evaluation assets	3, 14	50,472,348	50,472,348	50,472,348
Refundable deposit	3, 15	45,000	45,000	45,000
Deferred tax asset	3, 16	1,347,887	1,305,307	1,247,358
Total Non-current Assets		842,448,369	836,913,501	601,876,099
TOTAL ASSETS		845,479,656	840,457,277	604,636,532
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Accruals and other payables	3, 17	237,070	2,273,065	1,970,201
Income tax payable	3, 16	2,513	186	2,565
Total Current Liabilities		239,583	2,273,251	1,972,766
NON-CURRENT LIABILITIES				
Advances from shareholders	3, 19	43,862,840	34,598,840	27,319,840
Retirement benefits payable	3, 18	4,492,954	4,351,019	4,157,858
Total Non-current Liabilities		48,355,794	38,949,859	31,477,698
TOTAL LIABILITIES		48,595,377	41,223,110	33,450,464
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT				
Share capital	3, 20	636,563,546	636,563,546	636,413,546
Remeasurement on retirement benefits payable	3, 18	146,340	(2,689)	(101,270)
Deficit	3	160,413,126	162,908,520	(64,893,192)
NON-CONTROLLING INTEREST	3, 26	(238,733)	(235,210)	(233,016)
TOTAL EQUITY		796,884,279	799,234,167	571,186,068
TOTAL LIABILITIES AND EQUITY		845,479,656	840,457,277	604,636,532

(See Notes to Financial Statements)

IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2019, 2018 and 2017
(All amounts in Philippine Peso)

	Notes	2019	2018	2017
OTHER INCOME				
Gain from investment property revaluation unrealized	13	5,500,000	235,000,000	50,000,000
Interest income	8, 9	9,770	14,725	23,970
Unrealized gain on foreign exchange, net	8, 23	-	125,631	9,294
Total Other Income		5,509,770	235,140,356	50,033,264
ADMINISTRATIVE EXPENSES				
	25	8,112,624	7,440,754	8,680,254
PROFIT FROM OPERATIONS				
TAX BENEFITS DEFERRED	16	(2,602,854)	227,699,602	41,353,010
		103,937	99,916	80,506
PROFIT FOR THE YEAR				
		(2,498,917)	227,799,518	41,433,516
OTHER COMPREHENSIVE INCOME				
Item that will not be reclassified to profit or loss:				
Remeasurements on retirement benefits payable, net of tax	18	149,029	98,581	290,433
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
		(2,349,888)	227,898,099	41,723,949
PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO:				
Owners of the parent		(2,495,392)	227,801,712	41,437,507
Non-controlling interest	3, 26	(3,525)	(2,194)	(3,991)
		(2,498,917)	227,799,518	41,433,516
TOTAL COMPREHENSIVE PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the parent		(2,346,363)	227,900,293	41,727,940
Non-controlling interest	3, 26	(3,525)	(2,194)	(3,991)
		(2,349,888)	227,898,099	41,723,949
EARNINGS PER SHARE:				
Basic	3, 27	(0)	0.36	0.07
Diluted	3, 27	(0)	0.35	0.06

(See Notes to Financial Statements)

IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2019, 2018 and 2017
(All amounts in Philippine Peso)

		Equity Attributable to Equity Holders of Parent Entity				
	Note	Share Capital	Remeasurements on retirement benefits payable	Retained Earnings (Deficit)	Equity Attributable to Equity Holders of the Non-controlling Interest (Note 26)	Total Equity
SHARE CAPITAL						
Authorized 1,800,000,000 shares at P1 par value per share		<u>1,800,000,000</u>	20			
Issued and Subscribed 652,500,000 shares at P1 par value per share		<u>652,500,000</u>	20			
Subscription Receivable		<u>15,936,454</u>	20			
Paid- up 636,563,546 shares at P1 par value per share		<u>636,563,546</u>				
Balance at January 1, 2017		636,413,546	(391,703)	(106,330,699)	(229,025)	529,462,119
Total comprehensive income (loss):						
Profit (Loss) for the year		-	-	41,437,507	(3,991)	41,433,516
Other comprehensive income for the year		-	290,433	-	-	290,433
Total comprehensive income (loss) for the year		-	290,433	41,437,507	(3,991)	41,723,949
Balance at December 31, 2017		636,413,546	(101,270)	(64,893,192)	(233,016)	571,186,068
Transaction with owners:						
Collection of subscription receivable		150,000	-	-	-	150,000
Total comprehensive income:						
Profit (Loss) for the year		-	-	227,801,712	(2,194)	227,799,518
Other comprehensive income for the year		-	98,581	-	-	98,581
Total comprehensive income (loss) for the year		-	98,581	227,801,712	(2,194)	227,898,099
Balance at December 31, 2018		636,563,546	(2,689)	162,908,520	(235,210)	799,234,167
Total comprehensive income:						
Loss for the year		-	-	(2,495,393)	(3,525)	(2,498,918)
Other comprehensive income for the year		-	149,029	-	-	149,029
Total comprehensive income (loss) for the year		-	149,029	(2,495,393)	(3,525)	(2,349,889)
Balance at December 31, 2019		636,563,546	146,340	160,413,127	(238,734)	796,884,277

(See Notes to Financial Statements)

IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2019, 2018 and 2017
(All amounts in Philippine Peso)

	Notes	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before provision for income tax		(2,602,854)	227,699,602	41,353,010
Adjustments for:				
Gain from investment property revaluation unrealized	13	(5,500,000)	(235,000,000)	(50,000,000)
Accrual of retirement benefits expense	18	354,833	333,991	277,194
Depreciation	12, 22, 25	7,712	20,547	177,531
Accrual of taxes		-	396,964	1,587,857
Impairment loss on investment in AFS	11	-	-	6,910
Unrealized gain (loss) on foreign exchange, net	8, 23	89,603	(125,631)	(9,294)
Interest income	8	(9,770)	(14,725)	(23,970)
Operating loss before working capital changes		(7,660,476)	(6,689,252)	(6,630,762)
Decrease (Increase) in:				
Other receivables		22,446	73,140	(82,769)
Prepayments		543	(1,304)	(11,632)
Increase (Decrease) in:				
Accruals and other payables		(2,035,994)	(94,101)	137,444
Cash used in operations		(9,673,481)	(6,711,517)	(6,587,719)
Income tax paid		(186)	(2,660)	(2,167)
Interest received	8	9,770	14,725	23,970
Net cash used in operating activities		(9,663,897)	(6,699,452)	(6,565,916)
CASH FLOWS FROM INVESTING ACTIVITY				
Acquisition of property and equipment	12	-	-	(5,900)
CASH FLOWS FROM FINANCING ACTIVITIES				
Collection of subscription	20	-	150,000	-
Increase in advances from shareholders	19	9,264,000	7,279,000	6,233,000
Net cash provided by financing activities		9,264,000	7,429,000	6,233,000
EFFECT OF EXCHANGE RATE CHANGES ON CASH	8, 23	(89,603)	125,631	9,294
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(489,500)	855,179	(329,522)
CASH AND CASH EQUIVALENTS, January 1	8	3,468,946	2,613,767	2,943,289
CASH AND CASH EQUIVALENTS, December 31	8	2,979,446	3,468,946	2,613,767

(See Notes to Financial Statements)

IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at and for the years ended December 31, 2019, 2018 and 2017
(All amounts in Philippine Peso unless otherwise stated)

NOTE 1 - GENERAL INFORMATION

Imperial Resources, Incorporated (Parent Entity) was incorporated and registered in the Philippines and registered with the Securities and Exchange Commission (SEC) per Registration No. 39243 on September 5, 1969. The primary purpose of the Parent Entity is to carry on the business of operating coal mines, and of prospecting, exploration and of mining, milling, concentrating, converting, smelting, treating, refining, preparing for market, manufacturing, buying, selling, exchanging, and producing, and dealing in all kinds of ores, metals and minerals, asphalt-bithumen, hydrocarbons, acids and chemicals, and in the products and by-products of every kind and description and by whatever process, can be or may be produced; to purchase, lease, option, locate or acquire, own, exchange, sell, or dispose of, pledge, mortgage, deed in trust, hypothecate, and deal in mines, mining claims, mineral lands, coal lands, timber lands, water and water rights, other property, both real and personal.

The Parent Entity holds 99% interest in Philippine Cyber College Corporation (PCC), its only subsidiary, with principal place of business at 82-J 4th Street, Barangay Mariana, New Manila, Quezon City. PCC was registered with the SEC on May 30, 2000 per Registration No. A20007650 to own, operate, manage and maintain a school of learning, offering, kindergarten or pre-school training, as well as primary, secondary and tertiary levels of school instructions and to develop and educate students in accordance with approved curriculum prescribed by the government, and in connection therewith, to obtain the required permits and government recognition for the operation of said educational institution and the authority to confer certificates of completion/graduation and/or diploma; further, to own, lease and acquire the use and possession of land for school campus, school buildings and properties for school facilities. PCC had management and technical agreement with two (2) I.T. learning centers located in Baguio and Malolos, Bulacan. However, in June 2008 the two (2) learning centers temporarily suspended their operations. Management had decided to shift from I.T. education project to technical vocational education, training and assessment project. Since the latter part of 2009 PCC's operations has remained suspended.

During the special meeting of the Board of Directors held on March 29, 2011, it was resolved that the change of par value of the shares of stock of the Parent Entity from Five Pesos (P5.00) to One Peso (P1.00) per share, was approved and ratified. Consequently, on July 14, 2011, on the regular annual stockholders' meeting, the same has been confirmed and ratified.

On October 2, 2013, a special meeting of the Board of Directors was called to consider, among other matters, the amendment of the Articles of Incorporation, specifically the articles pertaining to the change of name of the Parent Entity to Century Sun Services, Inc. which was already approved by the Board of Directors and reserved with the SEC. Also, a proposal was raised for the amendment of the purpose of the Parent Entity. It was also proposed that the corporate term be extended for another fifty (50) years. Finally, another proposal was submitted to increase the authorized capital stock from One Billion Eight Hundred Million Pesos (P1,800,000,000) up to Six Billion Pesos (P6,000,000,000). Upon motions made and duly seconded, the proposed amendments were unanimously approved by the Board of Directors. On July 10, 2014, on the regular annual stockholders' meeting, the same had been confirmed and ratified. As of December 31, 2018, the Company's management has not implemented this.

During the special meeting of the Board of Directors held on March 28, 2016 the declassification of the shares of stock of Parent entity from common Class "A" and Class "B" shares to common stock voting shares was approved. This was subsequently confirmed and ratified by the stockholders during the regular annual stockholders' meeting held on July 14, 2016.

The change of par value and the declassification of shares were approved by SEC on February 10, 2017 and implemented by Philippine Stock Exchange (PSE) on February 22, 2017.

The Parent Entity and its Subsidiary have eight (8) employees as at December 31, 2019 and eight (8) employees as at December 31, 2018 and 2017.

The Parent Entity and its Subsidiary's principal place of business is Unit 202 Villa Building, No. 78 Jupiter Street corner Makati Avenue, Barangay Bel-Air, Makati City, Metro Manila, the business address is 82-J 4th Street, Barangay Mariana, New Manila, Quezon City and the registered office is 3762-C Cuenca corner Emilia Streets, Barangay Palanan, Makati City, Metro Manila.

These financial statements have been approved and authorized for issuance by Mr. Oliverio L. Laperal Jr., President & CEO, on behalf of the Board of Directors on June 9, 2020.

NOTE 2 - STATUS OF OPERATIONS

Parent Entity

Since 2005, the Parent Entity has been evaluating mining projects and has narrowed down the prospective mining properties to gold mining, asphalt mining and energy. In September 2008, the Parent Entity made a deposit amounting to P7,090,500 (US\$150,000) to acquire mining rights in Indonesia.

In January 2009, the Parent Entity signed a Memorandum of Agreement with P.T. Aspal Buton Nasional, an entity organized and existing under the laws of Indonesia which was granted mining rights covering 1,940 hectares of Mining Exploration Concession located at Buton Island, South East Sulawesi Province, Indonesia. With the deposit amounting to P7,090,500 made by the Company to the said Indonesian entity in 2008, the Parent Entity was granted the exclusive rights of exploration, exploitation, development and operation of the above-described mining concessions during its lifetime and over such additional future mining concessions that P.T. Aspal Buton Nasional may acquire or be awarded.

During 2009, the Parent Entity conducted geologic and geophysical (Electric Resistivity) surveys on the approximately two hundred (200) hectares and one thousand seven hundred (1,700) hectares, all located in Buton Island, Southwest of Sulawesi Province, Indonesia.

The two (2) asphalt concessions expired during the second half of 2011. However, because of the significant geophysical electric resistivity survey conducted and arranged by the business associate, Aspal Buton Nasional, and funded by the former, the latter was able to obtain approval for extension of the exploration concession for additional period of two (2) years. In 2014-2016, approval for extension of the exploration concession were obtained.

In December 2009, the Parent Entity made a deposit of P4,705,000 (US\$100,000) to PT. Indominas to acquire other mining rights in Indonesia which was subsequently charged to exploration and evaluation assets during the year as a signature bonus.

On January 17, 2010, the Parent Entity signed a Memorandum of Agreement with PT. Indominas, an Indonesian Company duly organized and existing under the laws of the Republic of Indonesia, with principal office address at JL. Klampis Anom II/29, Surabaya, Indonesia (referred to as Claimowners). After January 17, 2010, the Claimowners expect to be granted Mining Rights by the government state corporation Perusahaan Daerah (Perusda) Pd. Utama Sultra of South East Sulawesi of the Republic of Indonesia, covering an approximate 4,779 hectares mining exploration concession at South East Sulawesi Province of the Republic of Indonesia. The Claimowners granted the Parent Entity the exclusive rights to do preliminary studies before choosing the area to be developed. If the results of the studies are favorable, the Parent Entity shall pay another US\$170,000 upon approval of the conversion of the selected areas into exploration concession. Within thirty (30) days after the Claimowners shall have obtained and delivered to the Parent Entity all government approvals, permits, extensions and licenses, the Parent Entity at the sole expense shall start geological and geophysical surveys on the mining concessions for the purpose of determining the potentials for commercial operations, development and exploitation of the above-mentioned mining concessions. At the end of 2010, preliminary studies on the said area have not been completed.

The preliminary geologic survey on the proposed subject area indicated possible deposits. Outside and a bit far from the subject area, there are many gold panners. The Parent Entity is also evaluating the peace and order situation in the area. After evaluating several factors the Parent Entity will have a better total picture on the business prospects of the gold mining project.

In August 2010, the Parent Entity furnished the samples of rocks gathered from the survey made in Indonesia to Toyo - Union Co., Ltd. (TUCL) and expressed an intention to have a business association with them, subject to some terms and conditions, including confidentiality and exclusivity rights reserved for the Parent Entity. TUCL recognized and respect the exclusive rights of the Parent Entity and have entered into a memorandum of agreement with the Parent Entity on September 13, 2010. During 2011, the engineers and geologist of TUCL together with the engineers from Asphal Buton Nasional were able to go to the asphalt concession areas and collected about sixty (60) kilos of samples and TUCL was able to bring samples to Tokyo. As of date, the Parent Entity has no agreement with TUCL.

On March 16, 2017, in the special meeting of the Board of Directors, it was resolved that while the Parent Entity is proceeding with caution and at the same time re-evaluating its Indonesian mining project owing to the precipitous fall in the world price of crude, the Parent Entity is at present inclined to pursue the said project for that reason the Indonesian partners have been continuously looking for foreign partners to invest capital needed after they have secured formal approval of the exploitation concession because of its viability. Furthermore, the Parent Entity has been studying and evaluating a project cost study submitted by a project proponent pertaining to silica sand quarrying and processing operation. The Parent Entity is aware of the increasing demand for flat glass and glass bottles by local glass manufacturing companies. Management has been evaluating the impact of the latest environmental policies, regulations and pronouncements made by various government agencies on the feasibility and sustainability of the project. Another important factor being considered by management is the peace and order situation in the prospective silica mining sites. Towards this end, the Laperal family and LTC Real Estate Corporation committed to support and fund the said projects.

In 2018 the President, Desiderio L. Laperal travelled to Europe for preliminary discussions and observation of IT-based business applications related to remote sensing of marine and land resources, land-use, and community development. President Laperal observed driver-less autonomous farm machinery, robotic steel fabrication and remote-controlled fisheries management systems. He was impressed with the Green Energy initiatives mandated by the European Union, which is meant to

encourage more reliance on renewable power such as air turbines, hydro and solar. All of these applications and the downstream business opportunities are relevant to Imperial Resources.

Since March 2020, the domestic and international economies have been suffering from economic devastation since the onset of COVID -19. The world was not prepared to deal with this kind of pandemic. The government has been struggling to face this pandemic with little resources and know-how technologically, scientifically, medically, financially, and economically. It has made progress arresting the spread of this COVID -19.

The government gave the directive to gradually lift the enhanced community quarantine (ECQ) in Luzon. In fact, Metro Manila is placed under general community quarantine (GCQ). While Metro Manila and other provinces in Luzon are in the process of transitioning to a less stringent community quarantine, management is very cautious in evaluating and planning its business strategy to sustain its operation because of the strong possibility of an increase in the COVID-19 cases.

The Parent Entity is operating under a challenging business environment. This entails additional expenses to maintain its work force. Since most of its employees live outside of Quezon City, where the company office is located, management is mandated to provide transportation to and from workplace daily while others are provided with bed and board within the office premises. As mandated, management also provides face masks, alcohol, disinfectants, soap, and sanitizers. All employees are required to observe social distancing inside and outside of the workplace. This setup also affects the mobility, mental and emotional condition, as well as focus and concentration of the employees in discharging their duties and responsibilities because of the health hazard they are exposed to.

Management is planning and studying based on Parent Entity's current office and work set up the possibility of adopting the mode of work from home with the use of modern technology and online resources including evaluation and installation of security measures. Depending upon the nature and volume of work management is looking at maintaining skeletal force during this pandemic period. It also encourages the use of online banking and other business transactions to minimize administrative costs.

There are some business opportunities which Mr. Desiderio L. Laperal, the Vice President and Chief Financial Officer, has been looking into during his business trip to Europe in 2018. He had preliminary discussions and observations of IT-based business applications related to remote sensing of marine and land resources, land use and community development. In June 2019 he travelled to Europe to meet with potential partners and continue discussions on investment opportunities in the Philippines. On that trip, he accompanied two Italian businessmen to the Philippine Consul in Milan, Italy to confer with Consul General Irene Susan Natividad and Consul Mersole Mellejor. Mr. Laperal invited the two Italian businessmen to visit Manila in 2019 but the date was subsequently reset to March, 2020. The COVID-19 pandemic has caused the visit to be cancelled. The recent reopening of regional economies from COVID-19 gives management hope that before the end of 2020 the visit will materialize resulting to fruitful discussions. Meantime, the Laperal family will continue to support financially the operations of the Parent Entity.

Subsidiary

Until the middle of 2008, the Subsidiary was engaged in the business of Information Technology (I. T.) - Education. Educational facilities are located in Baguio and Malolos, Bulacan, each with an enrollment of 40-60 students and class-sizes limited to about 15 students. All potential students undergo rigorous online entrance exams to ensure high quality students. The school's objective is to

produce a small number of extremely high quality graduates each year. The educational facility located in Malolos had a "Joint Livelihood Project" with the Provincial Government of Bulacan which was formally terminated in May 2007. The school transferred to another location in Malolos, Bulacan in time for June 2007 school enrollment. However, in June 2008 the two (2) learning centers temporarily suspended their operations and remain as such up to the present.

Management has decided to shift from I.T. education project to technical-vocational education, training and assessment project. Management believes in the value of education, hence, this new project is the Subsidiary's answer to government's call to help stimulate economic growth through productive employment. The Subsidiary is aware of the global need and the lack of highly skilled welders, pipe fitters and other allied skills in the construction business. With this new venture, the Subsidiary hopes to provide a relevant training system that can fully prepare the manpower with the correct skills needed in the rapidly modernizing economies.

It has secured a property lease in Pasay City, as the site of the education and training facility, for five (5) years commencing on April 1, 2008. The monthly rental is ten percent (10%) of the gross tuition, matriculation, and students' miscellaneous fees from July 1, 2009 up to July 31, 2013. The preparation, construction and renovation works on the education and training facility started in March 2008. For the techno vocational project, the Subsidiary engaged the services of its administrator in March 2008. Two (2) employees were hired in June 2008 to assist the administrator.

The training center, in cooperation with the PGMA Scholarship of Technical Education and Skills Development Authority (TESDA), conducted its operations from February to July 2009. In August, TESDA temporarily cut its PGMA Scholarship Program which is the mainstay of welding schools in sustaining their operations. Because the Subsidiary failed to obtain marketing agreements to provide welding training for maritime placement companies' recruits, the management of the Parent Entity has been mulling over the idea of phasing off this techno-vocational project to concentrate on its more financially promising mining project.

For the years 2008 and 2007 (and prior years), there were no material sources of revenue. It was only in 2009 that it generated revenue from tuition fees for its techno-vocational project. However, as discussed above, operations have been hampered due to temporary cessation of the PGMA Scholarship Program of TESDA. The Subsidiary incurred net losses of P0.35, P0.21 million and P0.39 million for the years 2019, 2018 and 2017, respectively. Due to the losses incurred, the Subsidiary has capital deficiency amounting to P23.87 million, P23.52 million and P23.30 million as at December 31, 2019, 2018 and 2017, respectively.

For the past years, the Parent Entity has rendered continuous support to the Subsidiary by providing the necessary funds when the need arises.

On March 20, 2013, at the meeting of the Management Committee, wherein, all members who were also directors were present and representing majority of the members of the Board of Directors unanimously resolved and approved the dormancy status of Philippine Cyber College Corporation (PCC) due to its non-operation since 2010 and because of the significant losses incurred by the Subsidiary. As at December 31, 2013, 2012 and 2011, the Capital Deficiency amounted to P20.90 million, P20.03 million, and P18.76 million.

In 2015, the Subsidiary has entertained inquiries or proposals to lease its building in Baguio City. Consequently, the Subsidiary has changed its basis of accounting from liquidation basis to going-concern basis.

In 2016, an interested party proposed to rent the building to be used as its marketing office for Thirty Five Thousand Pesos (P35,000.00) per month. On March 16, 2017, at the special meeting of the Board of Directors, it was resolved that the Vice-Chairman and Vice-President, is authorized and empowered to negotiate, transact, conclude, execute and sign, for and in behalf of the Subsidiary, agreements or contracts for the lease of the property in Baguio as well as to deliver such necessary records, documents or papers pertinent to or in its implementation. It was resolved further that the same person are authorized and empowered to agree on the terms, conditions and stipulations, and the price of the lease, for the best interest of the Company. However, due to the change of marketing plans of the prospective lessee the lease agreement was not finalized. Early in 2018 an interested party made an offer to lease the building to be used as a primary school for Forty Thousand Pesos (P40,000) per month. However, the negotiation bogged down.

Despite the presence of the caretaker to prevent informal settlers to enter and use the property as their dwelling place, in 2013, management decided to allow Philippine National Internal Affairs Services (PNP-IAS) to use portion of the ground floors as its office for free. During the latter part of 2018, the PNP-IAS moved out of the property. In 2019, the management repaired and repainted the building in order to better attract potential lessees considering its good location. Accordingly, the Company continued its reporting on a going-concern basis of accounting.

Commitment of support of shareholders

In the previous years, Mr. Oliverio G. Laperal Sr., the Parent Entity and Subsidiary's former President, and other major shareholders have committed to support and to fund the ongoing and new projects, and assured the continuous operations of the Parent and Subsidiary's.

In 2007, as a sign of support and commitment, the President paid in full his subscription of P400 million to increase the capital stock of the Parent Entity and Subsidiary (from P700 million to P1.8 billion) by executing a deed of assignment of a real estate property in favor of the Parent Entity and Subsidiary. The transfer certificate of title of the said property was issued in the name of Imperial Resources, Incorporated on September 3, 2007 per TCT N-307207 issued by the Register of Deeds of Quezon City. Aside from the subscription of P400 million paid for in real estate property, cash advances amounting to P8.89 million, P4.5 million and P915 thousand were received from the former President for the years 2015, 2014 and 2013, respectively. The shareholders have paid their unpaid subscription amounting to P150,000 and P100,436 for the years 2018 and 2016, respectively.

As discussed in Note 2, the Laperal family and LTC Real Estate Corporation committed to support and fund the said projects. LTC Real Estate Corporation, a shareholder, had provided cash advances amounting to P9,264,000, P7,279,000 and P6,233,000 (Note 19) for the years ended December 31, 2019, 2018 and 2017, respectively. Given the financial condition of the Parent Entity and Subsidiary, the shareholders do not demand immediate repayment of their advances to the Parent Entity and Subsidiary.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below to facilitate understanding of the data presented in the consolidated financial statements. These policies have been consistently applied, unless otherwise stated.

3.1 Basis of preparation and statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

These consolidated financial statements have been prepared under the historical cost convention except for certain assets measured at fair value. The consolidated financial statements are presented in Philippine Peso, the Parent Entity and Subsidiary's functional currency.

The preparation of the consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Parent Entity and Subsidiary's accounting policies. The areas involving a higher degree of judgment, complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

Basis of Consolidation

These consolidated financial statements consist of the financial statements of Parent Entity and its Subsidiary as at and for the years ended December 31, 2019, 2018 and 2017. The financial statements of the Subsidiary are prepared for the same reporting period as the Parent Entity using consistent accounting policies.

Subsidiary

Subsidiary is an entity that is controlled by another entity. Control is when the latter is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the Subsidiary.

The Parent Entity has the power to govern the financial reporting policies generally accompanying a shareholding of more than one-half of the voting rights of the Subsidiary. The Parent Entity obtains and exercises control through voting rights. The existence and effect of potential voting rights that are currently exercisable and convertible are considered when assessing whether the Parent Entity controls another company. Consolidation begins from the date the Parent Entity obtains control of the Subsidiary and ceases when it loses control.

All intragroup balances, income and expenses and unrealized gains and losses from intragroup transactions are eliminated in full.

Non-controlling Interest

Non-controlling interest represents the portion of profit or loss and other comprehensive income and the net assets not held by the Parent Entity and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity holders of the Parent Entity. Transactions with non-controlling interest are accounted for using the entity concept method, whereby the difference between the consideration and the book value of the share of the net assets acquired is recognized as an equity transaction.

3.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year except for the adoption of the following new and amended standards and interpretations, which became effective beginning January 1, 2019. The adoption of these new and amended standards and interpretations did not have significant impact on the Parent Entity and Subsidiary's financial statements.

3.2.1 New standards, amendments to existing standards and interpretation effective in the current year and are relevant to the Parent Entity and Subsidiary's operations

- PFRS 16 *Leases* – This new standard replaces the following standards and interpretations: (a) PAS 17, *Leases*; (b) IFRIC 4, *Determining whether an Arrangement contains a Lease*; (c) SIC-15, *Operating Leases – Incentives*; and (d) SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The biggest change is that Lessees do not need to classify the lease at its inception and determine whether it's finance or operating lease. The standard introduces new accounting model for all leases. A lessee shall recognize a right-of-use asset and a lease liability, except for leases with a lease term of 12 months or less and containing no purchase options and leases where the underlying asset has a low value when new (such as personal computers or small items of office furniture). Early application is permitted but the Parent Entity and Subsidiary opted not to early adopt the standard.

The Parent Entity and Subsidiary adopted this standard using the modified retrospective method with initial application on January 1, 2019. The adoption of this standard does not have significant impact on the Parent Entity and Subsidiary's financial statements since the existing lease agreements have a lease term of twelve (12) months or less.

- Amendments to PAS 19 (Revised), *Plan Amendment, Curtailment or Settlement* –The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to (a) determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and (b) determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

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

The adoption of this amendment has no significant impact on the Parent Entity and Subsidiary's financial statements.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments* – This interpretation provides requirements on how to reflect the effects of uncertainty in accounting for income taxes.

The adoption of this amendment has no significant impact on the Parent Entity and Subsidiary's financial statements.

3.2.2 New standards, amendments to existing standards that are not yet effective in the current year but are relevant to the Parent Entity and Subsidiary's operations

These are new PFRS, revisions, amendments to existing standards, annual improvements and interpretations that are effective for periods subsequent to December 31, 2019 and are relevant to the Parent Entity and Subsidiary's operations, however, the adoption are not expected to have significant impact on the Parent Entity and Subsidiary's financial statements:

Effective in 2020:

- Amendments to PFRS 3, *Definition of a Business* – The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business.
- Amendments to PAS 1 and PAS 8, *Definition of Material* – The amendments revised the definition of material. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

3.3 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.3.1 Classification

The Parent Entity and Subsidiary classify financial assets and liabilities according to the categories described below. Management determines the classification of the financial assets and liabilities at initial recognition.

3.3.1.1 Financial assets

The classification of financial assets depends on the financial asset's contractual cash flow characteristics and the Parent Entity and Subsidiary's business model for managing them. The Parent Entity and Subsidiary classify financial assets in the following categories:

a. Financial assets at amortized cost

Financial assets at amortized cost are debt instruments where contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

The Parent Entity and Subsidiary's financial assets classified under this category consist of cash and cash equivalents, other receivables and refundable deposit.

b. *Financial assets at fair value through other comprehensive income (FVOCI)*

Financial assets at fair value through OCI comprise:

- *Debt instruments* where contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and are held within a business model with the objective to hold financial assets in order to collect contractual cash flows and selling financial instruments.
- *Equity instruments* which are not held for trading and which the Parent and Subsidiary has irrevocably elected at initial recognition to recognize in this category. This election is made on an instrument-by-instrument basis.

The Parent Entity and Subsidiary's financial asset under this category consists of investment in stocks quoted in active market. The Parent Entity and Subsidiary elected to measure it at fair value through other comprehensive income.

c. *Financial assets at fair value through profit or loss (FVPL)*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

The Parent Entity and Subsidiary has no financial assets under this category.

3.3.1.2 Financial Liabilities

The Parent Entity and Subsidiary classify financial liabilities in the following categories:

a. *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Parent Entity and Subsidiary that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Parent Entity and Subsidiary has no financial liabilities under this category.

b. *Financial liabilities at amortized cost*

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are subsequently measured at amortized cost. They contain contract obligations to deliver cash or another financial asset to the holder or to settle the obligation other than exchange of a fixed amount of cash. They are included in current liabilities, except for maturities greater than twelve (12) months after the reporting period which are classified in non-current liabilities.

The Parent Entity and Subsidiary's financial liabilities classified under this category consist of accruals and other payables (except payable to government agencies) and advances from shareholders.

3.3.2 Recognition and measurement

a. *Initial recognition and measurement*

Except for trade receivables that do not contain a significant financing component which are measured at the transaction price, the Parent Entity and Subsidiary initially measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

If the fair value of the financial asset or financial liability at initial recognition differs from the transaction price, the Parent Entity and Subsidiary shall recognize the difference as a gain or loss.

Regular way purchases and sales of financial assets are recognized on the trade-date, e.g., the date on which the Parent Entity and Subsidiary commits to purchase or sell the asset.

b. *Subsequent measurement*

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

For equity instruments designated at fair value through OCI, gains and losses are never recycled to profit or loss. Dividends are recognized as income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets or liabilities at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the profit or loss.

Other financial liabilities are measured at amortized cost using the effective interest method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included as finance costs in the statement of comprehensive income.

3.3.3 Derecognition

3.3.3.1 Financial assets

The Parent Entity and Subsidiary shall derecognize a financial asset only when:

- (a) the contractual rights to the cash flows from the financial assets have expired, or
- (b) the Parent Entity and Subsidiary transfers to another party substantially all of the risks and rewards of ownership of the financial assets, or
- (c) the Parent Entity and Subsidiary, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Parent Entity and Subsidiary shall:
 - (i) derecognize the asset, and
 - (ii) recognize separately any rights and obligations retained or created in the transfer.

The carrying amount of the transferred asset shall be allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations shall be measured at their fair values at that date. Any difference between the consideration received and the amounts recognized and derecognized in accordance with this paragraph shall be recognized in profit or loss in the period of the transfer.

3.3.3.2 Financial liabilities

The Parent Entity and Subsidiary shall derecognize a financial liability (or a part of a financial liability) only when it is extinguished, i.e., when the obligation specified in the contract is discharged, cancelled or has expired.

3.3.4 Impairment of financial assets

The Parent Entity and Subsidiary recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Entity and Subsidiary expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL).

For receivables that do not contain significant financing component, the Parent Entity and Subsidiary applies a simplified approach in calculating ECLs. Under the simplified approach, the Parent Entity and Subsidiary does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Entity and Subsidiary has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For financial assets at amortized costs being individually assessed for ECLs, the Parent Entity and Subsidiary applied lifetime ECL calculation. This involves determination of probability of default and loss-given default based on available data, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Parent Entity and Subsidiary considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants. In certain cases, the Parent Entity and Subsidiary may also consider a financial asset to be in default when internal or external information indicates that the Parent Entity and Subsidiary is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Entity and Subsidiary. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.3.5 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, wherein the related assets and liabilities are presented at gross in the consolidated statements of financial position.

3.3.6 Fair value of financial instruments

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 of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions,
- Reference to the current fair value of another instrument that is substantially the same, and
- A discounted cash flow analysis or other valuation models.

3.3.7 Fair value hierarchy

The Parent Entity and Subsidiary classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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, and

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 fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specific valuation technique used to value these financial instruments is discounted cash flow analysis.

3.4 Cash and cash equivalents

Cash, which includes cash on hand and deposits held at call with banks and carried in the consolidated statement of financial position at face value, are unrestricted and immediately available-for-use in the current operations.

Cash equivalents are short-term, highly liquid debt instruments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from date of placement and are subject to an insignificant risk of change in value.

3.5 Other receivables

Other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance and provision for impairment.

At the end of each reporting period, the carrying amounts of other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable.

3.6 Prepayments

Prepayments include advance payment for insurance, membership dues and subscription. These represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to income as these are consumed in operations or expire with the passage of time.

3.7 Investment in stocks

Upon initial recognition, the Parent Entity and Subsidiary can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of income. Dividends are recognized as other income in the statement of income when the right of payment has been established, except when the Parent Entity and Subsidiary benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Parent Entity and Subsidiary elected to classify irrevocably its quoted equity securities under this category which are presented as Investment in stocks in the statements of financial position as at December 31, 2019, 2018 and 2017 (Note 11). Prior to adoption of PFRS 9, this financial asset was classified as AFS financial assets.

AFS financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Certain shares held by the Parent Entity and Subsidiary are being classified as available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognized directly in other comprehensive income, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in other comprehensive income is included in profit or loss for the period.

Available-for-sale financial assets are initially measured at transaction price and subsequently measured at fair value.

3.8 Property and equipment, net

Property and equipment, except land, are carried at cost less accumulated depreciation and any impairment in value. The cost of an asset comprises its purchase price and directly attributable costs of bringing the assets to working condition for its intended use. Cost also includes the cost of replacing part of such property and equipment when the recognition criteria are met.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Parent Entity and Subsidiary. All subsequent expenditures are recognized as expense in the period in which those are incurred.

Depreciation is computed using the straight-line method over estimated useful lives (EUL) of the related assets as follows:

	EUL
Building	15
Transportation equipment	5
Welding equipment	5
Office equipment	3
Office furniture and fixture	3

The useful lives and depreciation method are reviewed at each reporting period to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

Depreciation of an item of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. When assets are retired or otherwise disposed of, the cost, related accumulated depreciation and accumulated impairment losses are removed from the accounts and the resulting gain or loss, which is determined by comparing the proceeds with carrying amount, is recognized to the statements of comprehensive income. Fully depreciated assets are retained in the accounts until they are no longer in use.

3.9 Investment property

This account represents parcel of land which is initially carried at cost. Cost includes the acquisition cost of the land plus incidental costs incurred in effecting the transfer of title of the property and other necessary expenses incurred in the acquisition.

Investment property is property held to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production or supply of goods or services or for administrative purposes, or
- (b) sale in the ordinary course of business.

Investment property is recognized as an asset when and only when: (a) it is probable that the future economic benefits that are associated with the investment property will flow to the entity, and (b) the cost of the investment property can be measured reliably.

After initial recognition, investment property is measured either by the fair value model or by the cost model and shall apply that policy to all of its investment property. Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the statements of comprehensive income in the year of retirement or disposal.

The fair value of investment property shall reflect market conditions at the reporting date. A gain or loss arising from the change in the fair value of investment property shall be recognized in profit or loss for the period in which it arises.

Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction.

The Parent Entity and Subsidiary shall continue to measure the property at fair value until disposal (or until the property becomes owner-occupied property or the Company begins to develop the property for subsequent sale in the ordinary course of business) even if comparable market transactions become less frequent or market prices become less readily available.

3.10 Exploration and evaluation assets

Exploration and evaluation assets are measured at cost. The following are expenditures that are included in the initial measurement of exploration and evaluation assets (a) acquisition of rights to explore, (b) topographical, geological, geochemical and geophysical studies, (c) exploratory drilling, (d) trenching, (e) sampling, and (f) activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource. After initial recognition, the Parent Entity and Subsidiary shall either use the cost model or the revaluation model. If the revaluation model is applied, it shall be consistent with the classification of assets. The exploration and evaluation assets are classified as tangible or intangible. When the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets are reclassified to property and equipment account.

The Parent Entity and Subsidiary uses cost model as its subsequent measurement of exploration and evaluation assets - assets are carried at cost less accumulated impairment losses.

Exploration and evaluation assets are measured for impairment when facts or circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Parent Entity and Subsidiary measures, presents and discloses any resulting impairment loss. The Parent Entity and Subsidiary is still in the exploration stages and evaluation of mineral resources.

3.11 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready for use - are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount is the higher between the assets' net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction less the estimated cost of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. An impairment loss is charged to expense immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognized revaluation surplus for the same asset.

Non-financial assets include prepayments (Note 10), property and equipment, net (Note 12), investment property (Note 13), and exploration and evaluation assets (Note 14).

There were no impairment losses on non-financial assets as at December 31, 2019, 2018 and 2017.

3.12 Refundable deposit

This account pertains to refundable deposit for welding equipment which is stated at amortized cost less any impairment in value.

3.13 Related party transactions and relationships

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities, which are under common control with the reporting enterprise or between and/or among the reporting enterprises and their key management personnel, directors or their shareholders.

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

Advances from shareholders are initially recorded at transaction price and are subsequently measured at amortized cost using the effective interest method.

During the consolidation process, due from subsidiary/due to parent company amounting to P23,961,934 is eliminated.

3.14 Operating segment

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

3.15 Taxation

Income tax expense represents the sum of the current tax and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable nor deductible. The Parent Entity and Subsidiary's liability for current tax is calculated using tax rates that have been enacted or substantively enacted as at the reporting date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method.

The balance sheet liability method focuses on temporary differences, which are the differences between the amount attributed to an asset or liability for tax purposes (tax base) and the carrying amount of that asset or liability in the statements of financial position.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits from excess of the minimum corporate income tax (MCIT) over the regular corporate income tax and unused 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 of unused MCIT and unused NOLCO can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Parent Entity and Subsidiary intends to settle the current tax assets and liabilities on a net basis.

Current tax and deferred tax shall be recognized outside profit or loss if the tax relates to items that are recognized, in the same or a different period, outside profit or loss. Therefore, current tax and deferred tax that relates to items that are recognized, in the same or a different period:

- (a) in other comprehensive income, shall be recognized in other comprehensive income,
- (b) directly in equity, shall be recognized directly in equity.

3.16 Accruals and other payables

Accruals and other payables are recognized in the period in which the money or services are received, or when a legally enforceable claim against the Parent Entity and Subsidiary is established, or when the corresponding assets and expenses are recognized/incurred.

Accruals and other payables are measured at fair value less any directly attributable transaction cost and subsequently measured at amortized cost using the effective interest method. Accruals and other payables are derecognized when extinguished.

3.17 Provisions

Provisions are recognized when the Parent Entity and Subsidiary have a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to

settle the obligation and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

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. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

There were no provisions recognized for the years ended December 31, 2019, 2018 and 2017.

3.18 Contingencies

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

There were no contingent assets for disclosures as at December 31, 2019, 2018 and 2017.

3.19 Equity

Share capital is determined using the nominal value of shares that have been issued and fully paid.

Other comprehensive income (loss) pertains to remeasurement on retirement benefits payable.

Retained earnings (deficit) include current and prior period results of operations as disclosed in the statement of changes in equity

3.20 Revenue and expense recognition

Revenue is measured at the fair value of the consideration received or receivable in exchange for the service in the ordinary course of the Parent Entity and Subsidiary's activities. The Parent Entity and Subsidiary recognizes revenue when the amount of revenue is collectible and it has met the requirements of the 5-step approach of PFRS 15.

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Parent Entity and Subsidiary performs its obligations; (b) the Parent Entity and Subsidiary's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Parent Entity and Subsidiary's performance does not create an asset with an alternative use to it and the Parent Entity and Subsidiary has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Parent Entity and Subsidiary is in the business of mining. This account comprises the revenue from sales of asphalt, gold and other precious metal produced, sold and payment received from the

mining concessions and services rendered when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

To date, the Parent Entity has no product to sell and services to render since it is still in the pre-development and pre-exploration stage of the mining project and the Subsidiary being in the status of dormancy but has entertained inquiries or proposals to lease its building in Baguio City thus, management is looking at a possible rental income.

(i) Interest income

Interest income on bank deposits is presented net of final tax when earned. Interest income on salary loan is recognized when earned.

(ii) Cost and expenses

Direct costs and expenses are recorded when incurred.

3.21 Employees costs

Short-term employee benefits

Short-term employee benefits are employees' benefits (other than termination benefits) which fall due wholly within twelve (12) months after the end of the period in which the employees render the related service. It includes salaries, wages, social security contributions, paid annual leaves and paid sick leave profit-sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits for current employees. Currently, the Parent Entity and Subsidiary's employees are entitled to all the above-mentioned short-term benefits except profit sharing.

Retirement benefits

Retirement benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

The Parent Entity and Subsidiary has unfunded defined benefit retirement plan for qualified employees. For purposes of determining its costs and obligation, the Company considers the minimum requirement of Republic Act 7641 (the Retirement Law) of the Philippines. Under Republic Act 7641 (known as the Retirement Pay Law), in the absence of a retirement plan or agreement providing for retirement benefits of employees in the private sector, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least 5 years in a Company, may retire and shall be entitled to retirement pay equivalent to at least $\frac{1}{2}$ month salary for every year of service, a fraction of at least 6 months being considered as one (1) whole year. The term "One-half month salary" includes the following:

- a. Fifteen days salary based on the latest salary rate;
- b. Cash equivalent of five days or service incentive leave (or vacation leave); and
- c. One-twelfth of the 13th month pay (where the 13th month pay is the total basic salary for the last twelve months of the service divided by twelve)

The Parent Entity and Subsidiary's net obligation in respect of the defined benefit retirement plan is calculated by estimating the amount of future benefits that employees have earned in return for their

service in the current year and prior year periods. The benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the yield at financial reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Parent Entity and Subsidiary's obligation. The current calculation is performed by a qualified actuary using the projected unit credit method.

Retirement benefits expense comprises the following:

- a. Service cost,
- b. Net interest on the net defined benefit liability,
- c. Remeasurements of net defined benefit liability.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability is the change during the period in the net defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability. Net interest on the net defined benefit liability is recognized as an expense in the profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in the consolidated statements of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

3.22 Leases

Leases (Prior to January 1, 2019)

Leases, where a significant portion of risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to operations on a straight-line basis over the period of the lease. Future minimum lease payments are the payments over the lease term that the lessee is or required to make, excluding contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor, together with any amounts guaranteed by the lessee or by a party related to the lessee.

For operating lease, the standard requires disclosure on the total future minimum lease payments under non-cancellable operating leases for each of the following periods:

- (i) not later than one year,
- (ii) later than one year and not later than five years,
- (iii) later than five years.

Leases (Effective January 1, 2019)

The Parent Entity and Subsidiary assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Company as a Lessee

The Parent Entity and Subsidiary applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Parent Entity and Subsidiary recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received, and the estimated costs to be incurred in dismantling and removing the underlying asset or restoring it to the condition required by the contract.

If ownership of the leased asset transfers to the Parent Entity and Subsidiary at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

At the commencement date of the lease, the Parent Entity and Subsidiary recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Parent Entity and Subsidiary and payments of penalties for terminating the lease, if the lease term reflects the Parent Entity and Subsidiary exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Parent Entity and Subsidiary uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Parent Entity and Subsidiary applies the short-term lease recognition exemption to its short-term lease of office space. It has no other lease which will be classified as low value asset. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

3.23 Foreign currency transactions

In preparing the Parent Entity and Subsidiary's consolidated financial statements, transactions in foreign currencies other than its functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currency are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair values are determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Foreign currency gain or loss resulting from the settlement of such transaction at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of comprehensive income.

3.24 Basic and diluted earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the income (loss) for the year attributable to the common shareholders of the Parent Entity by the weighted average number of common shares outstanding during the year, after considering the retroactive effect of stock dividend declaration, if any. The Corporation Code of the Philippines under Section 137 defines outstanding capital stock as the total shares of stock issued under binding subscription agreements to subscribers or stockholders, whether or not fully or partially paid except treasury shares.

For the purpose of calculating diluted earnings (loss) per share, profit (loss) for the year attributable to ordinary equity holders of the Parent Entity and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

3.25 Subsequent events

The Parent Entity and Subsidiary identify subsequent events as events that occur after the reporting date but before the date when the consolidated financial statements are authorized for issue. Any subsequent events that provide additional information about the Parent Entity and Subsidiary's consolidated financial position at the reporting date are reflected in the consolidated financial statements.

Non-adjusting events are disclosed in the notes to the consolidated financial statements when material.

There were no subsequent events for adjustment or disclosure as at December 31, 2018.

On March 16, 2020, the entire Luzon area in the Philippines was declared under "enhanced community quarantine" restricting the movement of the population with exceptions, in response to the growing pandemic of coronavirus disease 2019 (COVID-19) in the country set to last until April 12, 2020 and further extended until April 30, 2020. On April 24, 2020, the ECQ was further extended until May 31, 2020 for selected areas in Luzon including Metro Manila. The impact of COVID outbreak to the Company is disclosed in Note 2.

NOTE 4 - CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The primary objective of the Parent Entity and Subsidiary on capital management is to ensure their ability to continue as a going concern and to provide adequate returns and benefits to shareholders and other stakeholders by operating with guidance of high technical services and pursue the long-term outlook of management to deliver long term growth and profits.

The Parent Entity and Subsidiary manages the following capital as shown in the statements of changes in equity:

		Note	2019	2018	2017
Authorized capital	1,800,000,000	20			
Subscribed capital	652,500,000	20			
Paid-up capital		20	636,563,546	636,563,546	636,413,546

The Parent Entity and Subsidiary monitor capital on the basis of the carrying amount of equity as presented on the face of the statements of financial position.

Measurement of the Parent Entity and Subsidiary's financial leverage is summarized as follows:

	2019	2018	2017
Total liabilities	48,595,377	41,223,110	33,450,464
Total equity	796,884,279	799,234,167	571,186,068
Debt-to-equity ratio	0.0610:1	0.0515:1	0.0585:1

The Parent Entity and Subsidiary's Board of Directors has overall responsibility for monitoring capital in proportion to risk. Profiles or capital ratios are set in the light of changes in its external environment and the risks underlying its business, operations and industry.

The Parent Entity and Subsidiary define capital as paid-up share capital and retained earnings, both appropriated and unappropriated. Other components of equity such as treasury stock are excluded from capital for purposes of capital management.

The Parent Entity and Subsidiary set the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. Parent Entity and Subsidiary manage the capital structure and make adjustment in the light of changes in economic conditions and the risk characteristics of the underlying asset.

The Parent Entity and Subsidiary is not subject to externally imposed capital requirements.

NOTE 5 - SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

5.1 Critical management judgments in applying accounting policies

In the process of applying the Parent Entity and Subsidiary'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 consolidated financial statements.

a. Functional currency

The Philippine Peso is the currency of the primary economic environment in which the Company operates. It is the currency in which the Parent Entity and Subsidiary measures the performance and reports the results of the operations.

b. Lease agreements (prior to January 1, 2019)

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

Based on the existing lease agreements, the Parent Entity and Subsidiary has classified its lease as operating lease for the years ended December 31, 2019, 2018 and 2017 (Note 24).

c. Determining the lease term of contracts with renewal and termination options (effective January 1, 2019)

The Parent Entity and Subsidiary determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Parent Entity and Subsidiary has several lease contracts that include extension and termination options. The Parent Entity and Subsidiary applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Parent Entity and Subsidiary reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Parent Entity and Subsidiary renewal options for leases under Note 24 are not included as part of the lease term because it needs mutual agreement of both parties prior to the expiration of the agreements. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

d. Provisions

Provisions for liabilities are recognized when the Parent Entity and Subsidiary have a present obligation as a result of a past event and it is probable that an outflow of resources

embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

There were no provisions recognized as at December 31, 2019, 2018 and 2017.

e. Contingencies

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

Contingent liabilities are disclosed in Note 28. There were no contingent assets for disclosure.

5.2 Critical accounting estimates and assumptions

a. Estimated useful lives (EUL) of property and equipment

The management estimates the useful lives of property and equipment based on the period in which the assets are expected to be available for use. The EUL of the property and equipment (Note 3.8) are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, the estimation of the useful lives of property and equipment is based on the Parent Entity and Subsidiary's collective assessment of industry practice, internal evaluation and experience with similar assets. It is possible, however, that the future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these circumstances. A reduction in the EUL of property and equipment would increase recorded operating expenses and decrease non-current assets.

Depreciation expense amounted to P7,712, P20,547 and P177,531 (Note 12) for the years ended December 31, 2019, 2018 and 2017, respectively.

b. Impairment of available-for-sale investments (Applicable prior to adoption of PFRS 9)

The Parent Entity and Subsidiary assesses at each reporting date whether there is objective evidence that equity investments classified as available-for-sale are impaired. The Parent Entity and Subsidiary's available-for-sale investment in Export and Industry Bank has no available market value as at December 31, 2017, 2016 and 2015 due to its suspension by the Philippine Stock Exchange (PSE) since May 2, 2008. The Export Bank was shut down by the Central Bank due to insolvency in 2012 and reported that the Philippine Insurance Corporation (PDIC) has until March 25, 2013 to effect rehabilitation of the bank. Efforts to comply with the conditions before rehabilitation are ongoing. The fair value of the investment amounts to zero as at December 31, 2017 and P6,910 as at December 31, 2016 and 2015. There was no available market value of Philcomsat

Holdings Corporation (PHC) as at December 31, 2017, 2016 and 2015 due to its suspension by the PSE since December 21, 2007. Due to the intra-corporate controversies which PHC has been involved in for several years now, the management has decided to take a conservative stand and provide 90% allowance for impairment on its investments in the stocks of PHC. The stock was adjusted to its fair value of P80,000 as at December 31, 2017, December 31, 2016 and 2015.

The Parent Entity has recognized impairment loss on investment in Export and Industry Bank amounting to P6,910 (Note 25) as at December 31, 2017.

c. Impairment of property and equipment

The Parent Entity and Subsidiary perform an impairment review when certain impairment indicators are present. Purchase accounting requires extensive use of accounting estimates and judgment to allocate the purchase price to the fair market values of the assets purchased and liabilities assumed.

Determining the fair value of property and equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Parent Entity and Subsidiary to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment loss could have a material adverse impact on the consolidated financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Parent Entity and Subsidiary believe that their assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

The carrying value of property and equipment amounts to P3,134, P10,846 and P31,393 (Note 12) as at December 31, 2019, 2018 and 2017, respectively.

Based on management's assessment, some fully depreciated equipment amounting to P38,800, P24,375 and P24,000 (Note 12) for the years ended December 31, 2019, 2018 and 2017, respectively, are already destroyed and unserviceable, hence, derecognized in the books.

d. Revaluation of investment property

The Parent Entity and Subsidiary has adopted the fair value approach in determining the carrying value of its investment property. While the Parent Entity and Subsidiary has opted to rely on independent appraisers to determine the fair value of its investment property, such fair value was determined based on recent prices of similar property, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices. The amounts and timing of recorded changes in fair value for any period would differ if the Parent Entity made different judgments and estimates or utilized different basis for determining fair value (Note 3.9).

The fair value of investment property is P790,500,000, P785,000,000 and P550,000,000 (Note 13) as at December 31, 2019, 2018 and 2017, respectively.

Gain from investment property revaluation amounting to P5,500,000, P235,000,000 and P50,000,000 (Note 13) related to investment property is recognized for the year ended December 31, 2019, 2018 and 2017, respectively.

e. Recoverability of exploration and evaluation of assets

Exploration and evaluation costs are recognized as assets in accordance with PFRS 6, Exploration for and Evaluation of Mineral Resources. Capitalization of these costs is based, to a certain extent, on management's judgment of the degree to which the expenditure may be associated with finding specific mining reserve.

The application of the Parent Entity and Subsidiary's accounting policy for exploration and evaluation assets requires judgment and estimates in determining whether it is likely that the future economic benefits are certain, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after the exploration and evaluation assets are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of comprehensive income in the period when the new information becomes available.

The Parent Entity and Subsidiary reviews the carrying values of its exploration and evaluation assets whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. An impairment loss is recognized when the carrying values of these assets are not recoverable and exceeds their fair value. The factors that the Parent Entity and its Subsidiary's considers important which could trigger an impairment review of exploration and evaluation assets include the following:

- the period for which the Parent Entity and its Subsidiary has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mining reserve in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mining reserve in the specific area have not led to the discovery of commercially viable mining reserve and the Parent Entity and Subsidiary decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The Parent Entity and Subsidiary determines impairment of projects based on the assessment of the technical group of its Indonesian partner or based on management's decision not to pursue any further commercial development of its exploration projects.

There were no impairment losses recognized for the years ended December 31, 2019, 2018 and 2017.

f. Impairment of non-financial assets

The Parent Entity and Subsidiary's policy on estimating the impairment of non-financial assets is discussed in Note 3.11. Though management believes that the assumptions used in estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

There were no impairment losses recognized for the years ended December 31, 2019, 2018 and 2017.

g. Estimated retirement benefits

The determination of the Parent Entity and Subsidiary's obligation and cost of pension is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions are, and include, among others, discount rate and salary increase rate. In accordance with PAS 19 (Revised), actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

PAS 19 (Revised) also requires retrospective application which means that minimum disclosure requirements shall be made in comparative period as well as the current period.

The retirement benefit expense, liability and detailed discussion of sensitivity analysis are discussed in Note 18.

h. Income taxes

A certain degree of significant judgment is required in determining the provision for income taxes as there are certain transactions for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The income tax benefit deferred recognized for the years ended December 31, 2019, 2018 and 2017 amounts to P103,937, P99,916 and P80,056 (Note 16), respectively.

i. Recognition of deferred tax assets

The carrying amounts of deferred income tax assets at each financial reporting date are reviewed and are reduced to the extent that there is no longer sufficient future taxable income available to allow all or part of the deferred income tax assets to be utilized. The Parent Entity and Subsidiary's assessment on the recognition of deferred tax assets on deductible temporary differences, and the carryforward benefits of excess MCIT and NOLCO is based on the forecasted taxable income of the future years. This forecast is based on the Parent Entity and Subsidiary's past results and future expectations on revenue and expenses.

The carrying values of deferred tax assets, which the management assessed to be fully utilized within the next two (2) three (3) years amounts to P1,347,887, P1,305,307 and P1,247,358 (Note 16) as at December 31, 2019, 2018 and 2017, respectively. The Company also has deductible temporary differences, carryforward benefits of unused NOLCO and excess MCIT for which no deferred income tax asset was recognized (Note 16).

NOTE 6 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Parent Entity and Subsidiary are exposed to a variety of financial risks: credit risk, liquidity risk, market risk, fair value estimation and fair value hierarchy. The Parent Entity and Subsidiary's overall risk management program seek to minimize potential adverse effects on its financial performance and to make an optimal contribution to its revenues by managing these risks. The Parent Entity and Subsidiary's risk management, vested thru the Board of Directors, focuses on actively securing their short to medium-term cash flows by minimizing the exposure to financial risks. Long-term financial investments are managed to generate lasting returns.

The Parent Entity and Subsidiary's response to the risks and challenges they face are as follows:

- To explore less risky exploration and exploitation of minerals,
- Shorten exploration period and look for the most economical ways to explore and to conduct the latest geological and geophysical techniques to minimize the risks of exploration,
- To engage experts to utilize proven hedge and financial initiatives to mitigate and minimize inherent risks of the volatility of commodities, and
- To place importance in community welfare and community relationship.

The policies of managing specific risks are summarized below:

Financial risk factors

The Parent Entity and Subsidiary's financial assets and liabilities, comprising mainly of cash and cash equivalents, other receivable, deposit, investment in stocks and advances from shareholders are exposed to a variety of financial risks. The management ensures that it has sound policies and strategies in place to minimize potential adverse effects of these risks in the Parent Entity and Subsidiary's financial performance.

6.1 Credit risk management

Credit risk refers to the risk that a counterparty will default on its obligations resulting in financial loss to the Parent Entity and Subsidiary. The Parent Entity and Subsidiary have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated financial statements or in the detailed analysis provided in the notes to consolidated financial statements, as summarized below:

2019	Note	Carrying amount	Neither past due nor impaired	Past due but not impaired
Cash and cash equivalents*	8	2,975,024	2,975,024	-
Other receivables	9	14,354	14,354	-
Investment in stocks	11	80,000	80,000	-
Refundable deposit	15	45,000	-	45,000
		3,114,378	3,069,378	45,000

2018	Note	Carrying amount	Neither past due nor impaired	Past due but not impaired
Cash and cash equivalents*	8	3,449,977	3,449,977	-
Other receivables	9	36,800	36,800	-
Investment in stocks	11	80,000	80,000	-
Refundable deposit	15	45,000	-	45,000
		3,611,777	3,566,777	45,000

2017	Note	Carrying amount	Neither past due nor impaired	Past due but not impaired
Cash and cash equivalents*	8	2,350,767	2,350,767	-
Other receivables	9	109,940	109,940	-
Investment in stocks	11	80,000	80,000	-
Refundable deposit	15	45,000	-	45,000
		2,585,707	2,540,707	45,000

*Excluding cash on hand and petty cash fund

None of the above financial assets are used for collateral or other credit enhancements.

Accordingly, the Parent Entity and Subsidiary have assessed the quality of the following financial assets:

1. The credit risk for cash and cash equivalents is assessed as low risk since cash are deposited in reputable banks which have low probability of insolvency.
2. Other receivables pertain to receivable from employees and accrued interest from time deposit. The credit risk is assessed as low risk since it is collected thru salary deduction and deposited in reputable bank which has low probability of insolvency.
3. The maximum exposure to credit risk of the Company from the investment in stock is equivalent to the fair value of the shares in the PSE as at the reporting date.

4. The Parent Entity and Subsidiary's refundable deposit is presented as non-current asset as it is not expected to be refunded within the next twelve (12) months. The risk associated with the refundable deposit is very low since the amount can be collected upon the return of the gas cylinder.

6.2 Liquidity risk management

Liquidity risk is the risk that the Parent Entity and Subsidiary will encounter difficulty in meeting obligations associated with financial liabilities.

As at December 31, 2019, 2018 and 2017, the Parent Entity and Subsidiary's financial liabilities have contractual maturities as follows:

2019	Note	2019		2018		2017	
		3 to 12 months	More than 12 months	3 to 12 months	More than 12 months	3 to 12 months	More than 12 months
Accruals and other payables *	17	194,376	-	2,211,163	-	1,824,495	-
Advances from shareholders	19	-	43,862,840	-	34,598,840	-	27,319,840
		194,376	43,862,840	2,211,163	34,598,840	1,824,495	27,319,840

* Excluding withholding taxes, documentary stamp tax, SSS, PHIC and HDMF payables

The total current assets exceeded the total current liabilities by P2,791,704, P1,270,525 and P787,667 as at December 31, 2019, 2018 and 2017, respectively, computed as follows:

	2019	2018	2017
Total current assets	3,031,287	3,543,776	2,760,433
Total current liabilities	239,583	2,273,251	1,972,766
	2,791,704	1,270,525	787,667

The Parent Entity and Subsidiary manage liquidity risk by maintaining adequate highly liquid assets in the form of cash and cash equivalents. Management has no knowledge of any other trends, demands, commitments, events, or uncertainties that would have material impact on the Parent Entity and Subsidiary's liquidity. It looks at its current assets as source of liquidity. A call on subscription receivable is an alternative to raise cash. The major shareholders have committed to pay their subscription payable to the Parent Entity as the need arises.

6.3 Market risk management

Market risk is the risk of loss to future earnings, to fair value or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes.

6.3.1 Interest rate and foreign currency risk

The Parent Entity and Subsidiary's exposure to the risk of changes in interest rates is minimal since the cash and cash equivalents have fixed interest rates not affected by interest rates in the market.

The Parent Entity and Subsidiary is exposed to foreign currency risk primarily with respect to the monetary assets denominated in US Dollar. The Parent Entity and Subsidiary's financial position and financial performance are affected by the movements in the Philippine Peso to US Dollar exchange rates. Foreign currency risk arises when recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. The Parent Entity and Subsidiary's foreign currency denominated monetary asset is shown in Note 23.

As at December 31, 2018, if the Philippine Peso has weakened/strengthened by 0.03% against the US Dollar with all other variables held constant, loss for the year would have been lower/higher by P770 mainly as a result of foreign exchange gains/losses on translation of US Dollar denominated net assets shown in Note 22. The (0.03%) volatility is based on 30-day historical foreign currency fluctuations experienced by the Parent Entity and Subsidiary.

6.3.2 Other price risk sensitivity

The Parent Entity and Subsidiary's market price risk arises from available-for-sale financial asset which is carried at fair value. It manages its risk by monitoring the changes in the market price of the investments.

For the equity securities, there was no available market value in PSE due to the suspension of both the issuing companies. In 2014, the management decided to recognize the impairment loss for both companies. In 2017, the Board of Directors resolved to write-off the investment in Export and Industry Bank.

6.4 Fair value estimation of financial assets and liabilities

The carrying amounts of financial assets and liabilities which approximate fair values as presented in the consolidated statements of financial position are shown below:

		2019		2018		2017	
	Note	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Financial assets:							
Cash and cash equivalents*	8	2,975,024	2,975,024	3,449,977	3,449,977	2,350,767	2,350,767
Other receivables	9	14,354	14,354	36,800	36,800	109,940	109,940
Investment in stocks	11	80,000	80,000	80,000	80,000	80,000	80,000
Refundable deposit	15	45,000	45,000	45,000	45,000	45,000	45,000
		3,114,378	3,114,378	3,611,777	3,611,777	2,585,707	2,585,707
<i>*Excluding cash on hand and petty cash fund</i>							
Financial liabilities:							
Accruals and other payables*	17	194,376	194,376	2,211,163	2,211,163	1,824,495	1,824,495
Advances from shareholder	19	43,862,840	43,862,840	34,598,840	34,598,840	27,319,840	27,319,840
		44,057,216	44,057,216	36,810,003	36,810,003	29,144,335	29,144,335

*Excluding withholding taxes, documentary stamp tax, SSS, PHIC and HDMF payable.

6.5 Fair value hierarchy of financial assets that are measured at fair value on a recurring basis

Financial Assets	Fair Values as at			Fair Value Hierarchy	Valuation Technique(s) / Key input(s)	Significant unobservable input(s)
	12/31/2019	12/31/2018	12/31/2017			
Investment in stocks	80,000	80,000	80,000	Level 3	Discounted cash flows	Not applicable

Investment in stocks has no available market values since 2010. The carrying amount is the approximate fair value.

6.6 Fair value hierarchy of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Financial Assets / Financial Liabilities	Fair Values as at			Fair Value Hierarchy	Valuation Technique(s) / Key input(s)	Significant unobservable input(s)
	12/31/2019	12/31/2018	12/31/2017			
Cash and cash equivalents*	2,975,024	3,449,977	2,350,767	Level 3	Discounted cash flows	Not applicable
Other receivables	14,354	36,800	109,940	Level 3	Discounted cash flows	Not applicable
Investment in stocks	80,000	80,000	80,000	Level 3	Discounted cash flows	Not applicable
Refundable deposit	45,000	45,000	45,000	Level 3	Discounted cash flows	Not applicable
Accruals and other payables**	194,376	2,211,163	1,824,495	Level 3	Discounted cash flows	Not applicable
Advances from shareholders	43,862,840	34,598,840	27,319,840	Level 3	Discounted cash flows	Not applicable

* Excluding cash on hand and petty cash

**Excluding withholding taxes, documentary stamp tax, SSS, PHIC and HDMF payable

NOTE 7 - OPERATING SEGMENT

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

In 2009, with the interest of the Parent Entity and Subsidiary in mining, this business segment can be reported as an operating segment even though it is still in its exploratory stage. The business segment is organized and managed separately according to the nature of the services provided. A segment asset includes all operating assets used by a segment and consists of supplies, deposits, exploration and evaluation assets, property and equipment (net of accumulated depreciation).

With the granting of the rights of exploration, exploitation, development and operation of the mining concessions in Indonesia, information about this mining business segment is as follows:

	Note	2019	2018	2017
Mining business segment		None to report	None to report	None to report
Segment assets				
Exploration and evaluation asset	14	50,472,348	50,472,348	50,472,348

NOTE 8 - CASH AND CASH EQUIVALENTS

This account consists of:

	2019	2018	2017
Cash equivalents	2,156,545	2,231,455	2,103,546
Cash in banks	818,479	1,218,522	247,221
Cash on hand	422	14,969	259,000
Petty cash fund	4,000	4,000	4,000
	2,979,446	3,468,946	2,613,767

Cash in banks generally earn interest at prevailing bank deposit rates. Cash equivalents are placements good for thirty-five (35) days with one local bank depending on the immediate cash requirements and earn interest at the prevailing short-term deposit rate of 0.50% per annum. Due to the short-term nature of such transactions, the carrying value approximates fair value of the temporary cash investments.

Total interest income from bank deposits for the years ended December 31, 2019, 2018 and 2017 amounts to P9,770, P9,958 and P10,337, respectively.

Unrealized foreign exchange gain (loss), net recognized in the statements of comprehensive income due to restatement of the cash in bank and cash equivalents dollar accounts amounted (P89,603), P125,631 and P9,294 (Note 23) for the years ended December 31, 2019, 2018 and 2017, respectively

NOTE 9 - OTHER RECEIVABLES

This account consists of:

	2019	2018	2017
Salary loan receivable	13,692	36,511	104,102
Accrued interest	662	289	838
Other receivables	-	-	5,000
	14,354	36,800	109,940

Salary loan earns an interest rate of 16% per annum payable on a monthly/semi-monthly installment.

Interest income recognized for the years ended December 31, 2018 and 2017 amounts to P4,767 and P13,633, respectively.

The Parent Entity and Subsidiary believes that the carrying amount of other receivables approximates fair value due to its short-term nature.

NOTE 10 - PREPAYMENTS

This account pertains to advance payments on the Parent Company's cars insurance coverage, membership fees and subscription which are unexpired amounting to P37,487, P38,030 and P36,726 as at December 31, 2019, 2018 and 2017, respectively.

NOTE 11 - INVESTMENT IN STOCKS

Investment in stocks measured at fair value through OCI consists of the following as at December 31, 2019:

	2019	2018
Quoted equity instruments		
Philcomsat Holdings Corp.	80,000	80,000

There was no available market value of Philcomsat Holdings Corporation (PHC) as at December 31, 2019, 2018 and 2017 due to its suspension by the Philippine Stock Exchange (PSE) since December 21, 2007.

On December 3, 2008 the Corporation Finance Department of the SEC issued an order of suspension of PHC's Registration of Securities for violation of SRC Rules 17.1 (1) (A) (i) & (ii) due to its continuing failure to file its 2006 and 2007 annual reports as well as its 1st, 2nd and 3rd quarterly reports for 2007. As at December 31, 2018, the suspension has not been lifted. PHC is a subject of intra-corporate controversies. Due to unavailability of a market price, a valuation technique could be used to establish its fair value. Valuation techniques include using arm's length market transactions between knowledgeable parties, if available; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models. However, due to intra-corporate controversies which PHC has been involved in for several years now, management has decided to take a conservative stand and provide a 90% allowance based on cost for the impairment of its investment. No fair value gain (loss) was recognized in 2019, 2018 and 2017.

Available-for-sale (AFS) financial assets (prior to adoption of PFRS 9) consist of the following as at December 31, 2017:

	2017
Philcomsat Holdings Corp.	
Cost - 80,000,000 shares @ P0.01/share	800,000
Export and Industry Bank	
Cost - 691,000 shares @ P1/share	691,000
Total	1,491,000
Fair value loss recognized in OCI	-
Impairment loss recognized in previous year	(1,404,090)
Impairment loss recognized in current year	(6,910)
Fair value, December 31	80,000

For the Export and Industry Bank stocks, there was no available market value as at December 31, 2019, 2018 and 2017 due to its voluntary suspension. The management decided to use the value of the investment at closing rate in 2008 for the years 2016 and 2015 because its stocks remain suspended as at December 31, 2016 and 2015. The last transaction date was May 14, 2009 and the closing rate was P0.26 per share for the year 2009. As at December 24, 2008, the closing rate of the stock was P0.15 per share. In a special meeting of the Board of Directors held on April 3, 2018, it was resolved that the investment on Export and Industry Bank is to be written off in the books of the Parent Entity and Subsidiary.

Due to suspension in PSE, there is no available market value for both investments, thus, there is no net accumulated unrealized gain (loss) on AFS financial assets reported under PAS 39 as at December 31, 2017 to be transferred to net accumulated unrealized gain on financial assets at FVOCI as at January 1, 2018.

NOTE 12 - PROPERTY AND EQUIPMENT, NET

Details of property and equipment as at December 31, 2019, 2018 and 2017 are as follows:

	Building	Transportation equipment	Welding Equipment	Office equipment	Office furniture and fixture	Total
Gross carrying value:						
January 1, 2017	2,193,697	1,150,000	1,397,734	151,654	134,770	5,027,855
Additions	-	-	-	5,900	-	5,900
Disposals	-	-	-	(24,000)	-	(24,000)
December 31, 2017	2,193,697	1,150,000	1,397,734	133,554	134,770	5,009,755
Disposals	-	-	-	(24,375)	-	(24,375)
December 31, 2018	2,193,697	1,150,000	1,397,734	109,179	134,770	4,985,380
Disposals	-	-	-	(38,800)	-	(38,800)
December 31, 2019	2,193,697	1,150,000	1,397,734	70,379	134,770	4,946,580
Accumulated depreciation:						
January 1, 2017	2,047,448	1,150,000	1,397,734	103,700	125,949	4,824,831
Depreciation	146,248	-	-	27,503	3,780	177,531
Disposals	-	-	-	(24,000)	-	(24,000)
December 31, 2017	2,193,696	1,150,000	1,397,734	107,203	129,729	4,978,362
Depreciation	-	-	-	16,767	3,780	20,547
Disposals	-	-	-	(24,375)	-	(24,375)
December 31, 2018	2,193,696	1,150,000	1,397,734	99,595	133,509	4,974,534
Depreciation	-	-	-	6,451	1,261	7,712
Disposals	-	-	-	(38,800)	-	(38,800)
December 31, 2019	2,193,696	1,150,000	1,397,734	67,246	134,770	4,943,446
Carrying value:						
As at December 31, 2017	1	-	-	26,351	5,041	31,393
As at December 31, 2018	1	-	-	9,584	1,261	10,846
As at December 31, 2019	1	-	-	3,133	-	3,134

The above property and equipment have not been used as collateral for a loan.

There are no contractual commitment for the acquisition of property and equipment as at December 31, 2019, 2018 and 2017.

The gross carrying value of fully depreciated property and equipment still in use by the Parent Entity and Subsidiary amounted to P1,471,120 , P1,346,450, and P1,305,825 as at December 31, 2019, 2018 and 2017, respectively.

NOTE 13 - INVESTMENT PROPERTY

This represents the transfer value or consideration of the parcel of land which was used as full payment of the subscription of the President Oliverio G. Laperal, Sr. on the increase in authorized capital stock of the Parent Entity and Subsidiary amounting to P400 million. The parcel of land is located at 1004 EDSA, Quezon City with a land area of five thousand (5,000) sq.m. This investment property is covered by TCT No. N-307207 issued by the Land Registration Authority to Imperial Resources, Incorporated on September 3, 2007. An annotation on the title states that “the acquisition of the property described in this title/certificate is by virtue of tax free exchange pursuant to Section 40 C (2) of the National Internal Revenue Code (NIRC) of 1997 per Deed of Assignment of Real Property dated February 2, 2007”.

The Parent Entity and Subsidiary’s investment property is measured using the fair value model.

The fair value of the Parent Entity and Subsidiary’s investment property is as follows:

	2019	2018	2017
Fair value, January 1	785,000,000	550,000,000	500,000,000
Gain from investment property revaluation	5,500,000	235,000,000	50,000,000
Fair value, December 31	790,500,000	785,000,000	550,000,000

The value of the property is based on the appraisal made by Cuervo Appraisers, Inc., an independent appraiser accredited with SEC and determined using the Sales Comparison Approach. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data establishes a value estimate by processes involving comparison. Based on the analysis and considering the location, size, shape and physical characteristics, highest and best use of the subject property, the appraiser’s report indicated that the fair market value of the land is P790,500,000 as at December 31, 2019. Appraisal of the property was also performed by an independent appraiser and determined the fair value of the property as at December 31, 2018 and 2017 amounting to P785,000,000 and P550,000,000 using the same approach.

The Parent Entity and Subsidiary assessed that the investment property is considered as capital asset under Sec. 39 (A) (1) of the NIRC subject to capital gains tax upon sale and the Parent Entity and Subsidiary does not intend to sell the property. Thus, the gain from the revaluation is considered as permanent difference in the income tax computation and no deferred tax liability is recognized (Note 16).

The above investment property has not been used as collateral for a loan.

Details of the Parent Entity's investment property and information about the fair value hierarchy as at December 31, 2019 are as follows:

	Level 1	Level 2	Level 3	Fair value as at 12/31/19
Investment property	-	790,500,000	-	790,500,000

There were no transfers between Level 1 and 2 during the year.

NOTE 14 - EXPLORATION AND EVALUATION ASSETS

This account consists of:

	Acquisition of rights to explore	Geophysical studies	Total
Gross carrying value:			
January 1, 2017	11,795,500	38,676,848	50,472,348
Additions	-	-	-
December 31, 2017	11,795,500	38,676,848	50,472,348
Additions			
As at December 31, 2018	11,795,500	38,676,848	50,472,348
Additions	-	-	-
As at December 31, 2019	11,795,500	38,676,848	50,472,348

On January 30, 2009, a Memorandum of Agreement was made by/and between the Parent Entity and PT. Aspal Buton Nasional granting the Parent Entity the exclusive right of exploration, exploitation, development and operation of the subject mining concessions. Upon signing of the Memorandum of Agreement, the amount deposited in September 2008 was recorded as Exploration and Evaluation Asset. In August 2009, payment for the cost of a geophysical survey was made amounting to US\$100,000. The acquisition of rights to explore and geophysical studies are expenditures which are included in exploration and evaluation assets. In May 2011 and August 2011, the amount of US\$120,000 and US\$100,000, respectively, were remitted to Mr. Eddy Surohadi for the account of PT. Aspal Buton Nasional and PT Indominas to fund the additional geological works/studies needed for the preparation of the project feasibility report and environmental impact report required pending conversion of PT Aspal Buton Nasional Exploration permit to development and exploitation permit. In February, 2012 US\$60,000 and another US\$60,000 in September were both remitted to Mr. Eddy Surohadi for the account of PT. Aspal Buton Nasional and PT Indominas to cover the budget required for additional geological works/studies needed for the preparation of the project feasibility report and environmental impact report for the mining concession area in Buton Island. In 2013, the Parent Entity remitted another US\$100,000 and US\$20,000 in April and November to secure extension on the lease of the mining concession in Buton Island. In 2014, the Parent Entity remitted the amount of US\$102,000 to Mr. Eddy Surohadi for obtaining informal approval for exploitation concession of the 1,722 hectares Waangu-Angu areas including the cost of the preparation of the required technical report on post-production program to restore most of the mined-over areas to usable condition. During the year 2015, the Company remitted US\$99,250 to Mr. Eddy Surohadi for the account of P.T. Aspal Buton and P.T. Indominas to cover the budget required for various technical and tax expenses on the CNC (Clean and Clear Certificate) IUP Production Program for the coverage area of 1,722 hectares. No remittances were made for the years ended December 31, 2019, 2018 and 2017. As discussed in Note 2, the Parent Entity is proceeding with caution and at the same time re-evaluating its Indonesian mining project owing to the precipitous fall in the world price of crude, the Parent Entity is at present

inclined to pursue the said project for that reason the Indonesian partners have been continuously looking for foreign partners to invest capital needed after they have secured formal approval of the exploitation concession because of its viability. Further, the Board of Directors, in its special meeting on April 6, 2019, has approved the plan of the Company on the encouraging prospects of its, local and offshore, mining exploration in view of its economic import and despite rigorous government regulations.

The Parent Entity and Subsidiary is still in the exploration stages and evaluation of mineral resources, thus no amortization is recognized as at December 31, 2019.

NOTE 15 - REFUNDABLE DEPOSIT

This represents the gas cylinder deposit with Island Air Product Corporation amounting to P45,000 as at December 31, 2019, 2018 and 2017.

NOTE 16 - INCOME TAXES

The components of for income tax benefit-deferred reported in the statements of comprehensive income are as follows:

	2019	2018	2017
Income tax benefit - deferred	103,937	99,916	80,506

The deferred tax asset (DTA) on Net Operating Loss Carry-over (NOLCO) for the years ended December 31, 2019, 2018 and 2017 is computed as follows:

	2019	2018	2017
Consolidated income (loss) before income tax	(2,602,854)	227,699,602	41,353,010
Equity share in net loss of subsidiary - Parent Entity	348,963	217,167	395,098
Separate net loss of subsidiary	3,525	2,194	3,991
Profit (loss) before income tax	(2,250,366)	227,918,963	41,752,099
Add (deduct):			
<i>Temporary differences:</i>			
Accrual of retirement benefits expense	354,833	333,991	277,194
Unrealized gain on foreign exchange in 2018, realized in 2019	125,631	(125,631)	(9,294)
Unrealized loss on foreign exchange in 2019	89,603	9,294	118,989
<i>Permanent differences:</i>			
Impairment loss on investment in AFS	-	-	6,910
Interest income subject to final tax	(9,770)	(9,958)	(10,337)
Non-deductible penalties and surcharges	53,556	27,641	1,025
Gain from investment property revaluation	(5,500,000)	(235,000,000)	(50,000,000)
Net Operating Loss Carry-Over (NOLCO)	(7,136,513)	(6,845,700)	(7,863,414)
Tax rate	30%	30%	30%
Deferred tax asset (DTA) on NOLCO	(2,140,954)	(2,053,710)	(2,359,024)

Minimum corporate income tax (MCIT) payable for the years ended December 31, 2019, 2018 and 2017 is computed as follows:

	2019	2018	2017
Unrealized gain on foreign exchange realized in the subsequent year	125,631	9,294	118,989
Interest income on salary loan	-	4,767	13,633
Taxable income	125,631	14,061	132,622
MCIT rate	2%	2%	2%
MCIT payable	2,513	281	2,652

The Parent Entity and Subsidiary's income tax payable is computed as follows:

	2018	2018	2017
Normal income tax	-	-	-
MCIT	2,513	281	2,652
Higher - MCIT	2,513	281	2,652
Less: Income tax payment			
1st Quarter	-	-	(87)
2nd Quarter	-	-	-
3rd Quarter	-	(95)	-
Income tax payable	2,513	186	2,565

The Parent Entity and Subsidiary's deferred tax asset as at December 31, 2019, 2018 and 2017 is computed as follows:

		2019		2018		2017	
	Note	Tax base	DTA	Tax base	DTA	Tax base	DTA
<i>Temporary differences:</i>							
Retirement benefit							
obligation	18	4,492,954	1,347,887	4,351,019	1,305,307	4,157,858	1,247,358

Realization of future tax benefit related to DTA is dependent on the Parent Entity and Subsidiary's ability to generate future taxable income during the periods in which these are expected to be recovered. The Company has considered these factors in reaching a conclusion as to the amount of DTA recognized as at December 31, 2019, 2018 and 2017. Further, the Parent Entity and Subsidiary regularly reviews the recoverability of the DTA recognized. The DTA related to impairment loss on due from subsidiary, unrealized gain on foreign exchange, MCIT and NOLCO are not recognized since management believes that there is absence of virtual certainty that the DTA can be realized against future tax liabilities.

The movements in DTA for the years ended December 31, 2019, 2018 and 2017 are as follows:

	2019	2018	2017
DTA balance at beginning of the year	1,305,307	1,247,358	1,288,671
DTA on retirement benefit obligation credited (charged to):			
Profit for the year	106,450	100,197	83,158
Other comprehensive income for the year	(63,870)	(42,248)	(124,471)
DTA balance at end of the year	1,347,887	1,305,307	1,247,358

The reconciliation of income tax expense (benefit) on profit from operations computed at the statutory income tax rate to the income tax benefits - deferred reflected in the statements of comprehensive income for the years ended December 31, 2019, 2018 and 2017 are as follows:

	2019	2018	2017
Income tax expense (benefit) on profit from operations at the statutory income tax rate of 30%	(807,110)	68,243,689	12,393,630
Equity share in net loss of subsidiary			
Separate net loss of subsidiary	30%	30%	30%
Adjustments for:			
Impairment loss on investment in AFS	-	-	2,073
Interest income subjected to final tax	(2,931)	(2,987)	(3,101)
Non-deductible penalties and surcharges	16,067	8,292	307
Gain from investment property revaluation	(1,650,000)	(70,500,000)	(15,000,000)
Unrecognized DTA on impairment loss on due from subsidiary	132,000	132,000	132,000
Unrecognized DTA on unrealized gain on foreign exchange	64,570	(34,901)	32,909
Unrecognized DTA on NOLCO	2,140,954	2,053,710	2,359,024
Unrecognized DTA on MCIT	2,513	281	2,652
Reversal of previously recognized DTA on NOLCO	-	-	-
Reversal of previously recognized DTA on MCIT	-	-	-
	(103,937)	(99,916)	(80,506)

The gain from investment property revaluation amounting to P5,500,000, P235,000,000 and P50,000,000 (Note 13) for the years ended December 31, 2019, 2018 and 2017, respectively, is considered as permanent difference, thus, no deferred tax liability has been provided.

The balance of NOLCO as at December 31, 2019 may be used by the Parent Entity and Subsidiary as additional deductions against their respective future taxable income. Similarly, the MCIT balance as at December 31, 2019 may be applied against future income tax liabilities of the Parent Entity and Subsidiary.

The balances of NOLCO and MCIT, with their corresponding years of expiration, are as follows:

Incurring for the year ended December 31	Available until December 31	NOLCO	MCIT
2019	2022	7,136,513	2,513
2018	2021	6,845,700	281
2017	2020	7,863,414	2,652
		21,845,627	5,446

NOTE 17 - ACCRUALS AND OTHER PAYABLES

This account consists of:

	2019	2018	2017
Accruals			
Professional fees	180,680	184,680	177,520
Utilities	8,576	18,222	19,366
Dues & subscription	5,120	4,500	7,000
Taxes and licenses	-	1,984,821	1,587,857
Repairs and maintenance	-	-	11,355
Others	-	18,940	21,397
	194,376	2,211,163	1,824,495
Withholding taxes payable	28,461	35,781	53,156
SSS, Philhealth, HDMF contributions and loan payable:	6,125	17,930	19,892
Documentary stamp tax payable	8,108	8,191	72,658
	237,070	2,273,065	1,970,201

Management believes that the carrying amounts of accruals and other payables approximate fair values because of their short-term nature.

Accruals and other payables are expected to be settled within the next twelve (12) months.

NOTE 18 - RETIREMENT BENEFITS

As discussed in Note 3, the Parent Entity has applied *PAS 19 (Revised) - Employee Benefits* and the related consequential amendments. The Parent Entity has applied these amendments retrospectively and in accordance with the transitional provisions as set out in the PAS 19 (Revised) par. 173. These transitional provisions have an impact on future periods. The opening statement of financial position of the earliest comparative period presented (January 1, 2011) has been restated in accordance with *PAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors*.

The Parent Entity and Subsidiary does not have an established retirement plan and only conforms to the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) which is of the defined benefit type and provides a retirement benefit equal to 22.5 days pay for every year of credited service. The regulatory benefit is paid in a lump sum upon retirement.

The discount rate methodology was used to estimate the present value of the Parent Entity and Subsidiary's defined benefit obligation. The discount rate was determined in accordance with the Financial Reporting Standard Council [FRSC] approved Q&A 2008-01(Revised) document, which

mandates that discount rates reflect (a) benefit cash flows and (b) use of zero coupon rates, even though theoretically derived.

The valuation results are based on the employee data as of the valuation date as provided by the Company. The discount rate assumption is based on the Bankers Association of the Philippines (BAP) PHP Bloomberg BVAL Reference Rates (BVAL) benchmark reference curve for the government securities market (previously the PDEX (PDST-R2) market yields on benchmark government bonds as of the valuation date and considering the average years of remaining working life of the employees as the estimated term of the benefit obligation.

It is assumed that the Company initially applied the Amended Philippine Accounting Standard (PAS) No. 19(R) (as amended in June 11) on January 1, 2011. The Amended PAS 19(R) simplifies the reporting of the defined benefit cost by introducing the Net Interest Approach, which disaggregates the defined benefit cost into the following components: Service Cost (cost of services received), Net Interest (financing effect of paying for benefits in advance or in arrears), and Remeasurements (period-to-period fluctuations in the amounts of defined benefit obligations and plan assets).

Under the Net Interest Approach, Service Cost and Net Interest on the defined benefit liability (asset) are both recognized in Profit or Loss, while Remeasurements of the defined benefit liability (asset) are recognized outside profit or loss in Other Comprehensive Income (OCI).

The following information are based on the latest actuarial valuation report with December 31, 2019, 2018 and 2017 as the valuation date by an independent actuarial firm.

The movements in the present value of the retirement benefits payable recognized in the books are as follows:

	2019	2018	2017
Balance at beginning of the year	4,351,019	4,157,858	4,295,568
Interest cost	301,961	194,172	189,005
Current service cost	52,872	139,819	88,189
Remeasurements of retirement benefits payable	(212,898)	(140,830)	(414,904)
	4,492,954	4,351,019	4,157,858

The movements during the year in the retirement benefits payable recognized in the consolidated statements of financial position are as follows:

	2019	2018	2017
Balance at beginning of the year	4,351,019	4,157,858	4,295,568
Retirement benefits expense	354,833	333,991	277,194
Remeasurements of retirement benefits payable	(212,898)	(140,830)	(414,904)
	4,492,954	4,351,019	4,157,858

The amounts of retirement benefits expense for the years ended December 31, 2019, 2018 and 2017 recognized in the statements of comprehensive income are as follows:

	Note	2019	2018	2017
Interest cost		301,961	194,172	189,005
Current service cost		52,872	139,819	88,189
	25	354,833	333,991	277,194

The amount of remeasurements of retirement benefits payable presented in other comprehensive income in the statements of comprehensive income is computed as follows:

	2019	2018	2017
Actuarial gain on:			
changes in financial assumptions	(162,990)	90,623	20,325
experience	375,888	50,207	394,579
Total	212,898	140,830	414,904
Less: Deferred tax asset (liability)	(63,869)	(42,249)	(124,471)
	149,029	98,581	290,433

The movement of remeasurements on retirement benefits payable recognized in the other comprehensive income is as follows:

	2019	2018	2017
Beginning balance	(2,689)	(101,270)	(391,703)
Remeasurements of retirement benefits payable, net of tax	149,029	98,581	290,433
	146,340	(2,689)	(101,270)

In determining the amount on retirement benefits payable, the following actuarial assumptions were used:

	2019	2018	2017
Economic assumptions:			
Discount rate	3.42%	6.94%	4.67%
Salary increase rate	4.00%	1.00%	1.00%
Employee data:			
No. of employees	6	8	8
Average age in years	64.5	57.4	56.4
Average remaining working life	1.0	2.6	3.6
Average years of past service	30.4	25.1	24.2
Annual covered payroll	2,233,752	2,624,460	2,624,460

Below is the quantitative information about the sensitivity of the retirement liability to a reasonably, possible change in actuarial assumptions:

	2019	2018	2017
Increase in discount rate	0.70%	0.90%	1.90%
Decrease in present value of retirement benefits liability	29,359	37,080	77,726
Decrease in discount rate	0.60%	0.80%	1.70%
Increase in present value of retirement benefits liability	(27,881)	(33,394)	(71,508)
Decrease in salary increase rate assumption	0.60%	0.80%	0.80%
Decrease in present value of retirement benefits liability	(27,990)	(35,591)	(33,880)
Increase in salary increase rate assumption	0.60%	0.90%	0.90%
Increase in present value of retirement benefits liability	28,905	38,981	38,309

NOTE 19 - RELATED PARTY TRANSACTIONS

The Parent Entity and Subsidiary’s relationship with related parties is described below:

	Relationship
Oliverio G. Laperal, Sr.	Major shareholder
LTC Real Estate Corporation	Shareholder
Filipinas Golf & Country Club, Inc.	With common directors
Imperial Development Corporation	With common director

The significant transactions of the Parent Entity and Subsidiary in the normal course of business with related parties are described below:

A. OTHER RELATED PARTY- SHAREHOLDER

The Parent Entity obtains non-interest bearing advances from its major shareholder. These advances are intended for the Parent Entity's operations.

	Amount of transactions	Outstanding balance	Terms and conditions
<u>Year 2019</u>			
Advances from shareholders			
LTC Real Estate Corporation	9,264,000	31,001,625	a. Payable in cash b. Have no specific repayment dates, c. The Company has unconditional right to defer payment for more than 12 months, d. Non-interest bearing, and e. Can be converted to equity upon compliance with regulatory requirements
Oliverio G. Laperal, Sr.	-	12,861,215	a. Payable in cash b. Have no specific repayment dates, c. The Company has unconditional right to defer payment for more than 12 months, d. Non-interest bearing, and e. Can be converted to equity upon compliance with regulatory requirements
	9,264,000	43,862,840	
<u>Year 2018</u>			
Advances from shareholders			
LTC Real Estate Corporation	7,279,000	21,737,625	a. Payable in cash b. Have no specific repayment dates, c. The Company has unconditional right to defer payment for more than 12 months, d. Non-interest bearing, and e. Can be converted to equity upon compliance with regulatory requirements
Oliverio G. Laperal, Sr.	-	12,861,215	a. Payable in cash b. Have no specific repayment dates, c. The Company has unconditional right to defer payment for more than 12 months, d. Non-interest bearing, and e. Can be converted to equity upon compliance with regulatory requirements
	7,279,000	34,598,840	

	Amount of transactions	Outstanding balance	Terms and conditions
<u>Year 2017</u>			
Advances from shareholders			
LTC Real Estate Corporation	6,233,000	14,458,625	a. Payable in cash b. Have no specific repayment dates, c. The Company has unconditional right to defer payment for more than 12 months, d. Non-interest bearing, and e. Can be converted to equity upon compliance with regulatory requirements
Oliverio G. Laperal, Sr.	-	12,861,215	a. Payable in cash b. Have no specific repayment dates, c. The Company has unconditional right to defer payment for more than 12 months, d. Non-interest bearing, and e. Can be converted to equity upon compliance with regulatory requirements
	6,233,000	27,319,840	

In March 2016, LTC Real Estate Corp., an investor, and the Parent Entity entered into a memorandum of agreement for the prospective subscription on the shares of stocks of the Parent Entity at the prevailing par value in the amount of Ten Million Pesos (P10,000,000) on or before December 31, 2016. The said amount shall be considered as a deposit and shall be subject to disposition, transfer and recovery by the investor. The Parent Entity has the corresponding duty to hold in trust and/ or return the said amount on demand.

As at December 31, 2019, 2018 and 2017, the Parent Entity has not met all the required conditions to account the deposit as deposit for future stock subscription. Thus, the deposit is recognized as advances from shareholders under non-current liabilities in the statements of financial position.

B. OTHER RELATED PARTY- COMMON DIRECTOR

	Amount of transactions	Outstanding balance	Terms	Conditions
<u>Year 2019</u>				
Rent				
Imperial Development Corporation	635,712	-	(1) Payable in cash on or before fifth (5th) day of each corresponding month. (2) Lease for a period of one (1) year from January 1, 2019 to December 31, 2019. (3) Renewable upon mutual agreement before expiration of the term of the lease.	(1) In case of default in payment, the amount of rental due shall bear interest and penalty at the rate of 6% and 3% per month, respectively.
Filipinas Golf & Country Club, Inc.	196,043	-	(1) Payable in cash every first (1st) day of the month. (2) Sub-lease for a period of one (1) year from June 1, 2017 to May 31, 2019 and from April 1, 2019 until March 31, 2020	(1) In case of failure to pay, lease shall be considered terminated and the Company shall vacate the premises.
	831,755	-		

	Amount of transactions	Outstanding balance	Terms	Conditions
<u>Year 2018</u>				
Rent				
Imperial Development Corporation	635,712	-	(1) Payable on or before fifth (5th) day of each corresponding month. (2) Lease for a period of one (1) year from January 1, 2018 to December 31, 2018. (3) Renewable upon mutual agreement before expiration of the term of	(1) In case of default in payment, the amount of rental due shall bear interest at the rate of 25% per annum.
Filipinas Golf & Country Club, Inc.	165,092	-	(1) Payable every first (1st) day of the month. (2) Sub-lease for a period of one (1) year from June 1, 2017 to May 31, 2019. This was renewed for another year.	(1) In case of failure to pay, lease shall be considered terminated and the Company shall vacate the premises.
	800,804	-		
<u>Year 2017</u>				
Rent				
Imperial Development Corporation	635,712	-	(1) Payable on or before fifth (5th) day of each corresponding month. (2) Lease for a period of one (1) year from January 1, 2017 to December 31, 2017. (3) Renewable upon mutual agreement before expiration of the term of	(1) In case of default in payment, the amount of rental due shall bear interest at the rate of 25% per annum.
Filipinas Golf & Country Club, Inc.	147,175	-	(1) Payable every first (1st) day of the month. (2) Sub-lease for a period of one (1) year from June 1, 2017 to May 31, 2018.	(1) In case of failure to pay, lease shall be considered terminated and the Company shall vacate the premises.
	782,887	-		

C. KEY MANAGEMENT PERSONNEL

	Amount of transactions	Outstanding balance
<u>Year 2019</u>		
Short-term employee benefits	1,732,721	-
Post-employment benefits	2,572,770	-
<u>Year 2018</u>		
Short-term employee benefits	1,657,652	-
Post-employment benefits	2,522,890	-
<u>Year 2017</u>		
Short-term employee benefits	1,566,201	-
Post-employment benefits	2,371,331	-

There were no termination, other long-term benefits and share-based payments granted to the key management personnel for the years ended December 31, 2019, 2018 and 2017. The President/Chief Executive Officer, Vice-President/Treasurer (Chief Financial Officer) and Company Controller have received salary from the Parent Entity amounting to P773,074 for the year ended December 31, 2019. The members of the Board of Directors receive only per diem per attendance in the regular and special meeting of the Board and Annual/Special Stockholders Meeting. The total amount of per diem paid in 2019, 2018 and 2017 amounts to P225,000, P195,000 and P280,000 (Note 25) respectively.

NOTE 20 - SHARE CAPITAL

The Parent Entity and Subsidiary's share capital consists of:

	2019	2018	2017
Common shares - P1 par value per share			
Authorized shares, 1,800,000,000 as at December 31, 2019	1,800,000,000	1,800,000,000	1,800,000,000
Subscribed Share Capital	652,500,000	652,500,000	652,500,000
Less: Subscription Receivable	15,936,454	15,936,454	16,086,454
Paid up capital	636,563,546	636,563,546	636,413,546

The change of par value from Five Pesos (P5.00) to One Peso (P1.00) and the declassification of shares from common Class "A" and Class "B" shares to common stock voting shares were approved by SEC on February 10, 2017 and implemented by Philippine Stock Exchange (PSE) on February 22, 2017.

Subscription receivable collected for the years ended December 31, 2018 amounted to P150,000. There was no collection of subscription receivable for the years ended December 31, 2019, and 2017.

Both common class “A” and “B” shares have P5.00 par value with the same rights and privileges, except that Common Class “A” shares shall be issued and/or sold only to citizens of the Philippines or to Corporation, at least sixty percent (60%) of the capital stock for/of which is owned by citizens of the Philippines, while Common Class “B” shares shall be issued and/or sold to any person or corporation irrespective of citizenship; provided that a stockholder who is Filipino citizen holding Common Class “B” shares shall be entitled at any time to convert his Common Class “B” shares to Common Class “A” shares.

The names of the controlling groups/individuals are:

As at December 31, 2019		
<i>Name</i>	<i>Number of Common Shares</i>	<i>Percentage to total Outstanding Shares</i>
1 Laperal, Sr. Oliverio G.	546,552,070	83.76%
2 PCD Nominee, Corporation	33,228,565	5.09%
3 LMI Holdings Corporation	21,905,000	3.36%
4 Olondriz, Marino Y Cia	2,411,095	0.37%
5 Laperal, Desiderio L.	1,670,000	0.26%
6 Laperal, Alexandra L.	1,660,000	0.25%
7 Ganotisi, Filomeno	1,630,000	0.25%
Total subscribed shares of controlling groups/individuals	609,056,730	93.34%
Total subscribed shares	652,500,000	100%

As at December 31, 2018		
<i>Name</i>	<i>Number of Common Shares</i>	<i>Percentage to total Outstanding Shares</i>
1 Laperal, Sr. Oliverio G.	546,552,070	83.76%
2 PCD Nominee, Corporation	33,223,565	5.09%
3 LMI Holdings Corporation	21,905,000	3.36%
4 Olondriz, Marino Y Cia	2,411,095	0.37%
5 Laperal, Desiderio L.	1,670,000	0.26%
6 Laperal, Alexandra L.	1,660,000	0.25%
7 Ganotisi, Filomeno	1,630,000	0.25%
Total subscribed shares of controlling groups/individuals	609,051,730	93.34%
Total subscribed shares	652,500,000	100%

As at December 31, 2017		
<i>Name</i>	<i>Number of Common Shares</i>	<i>Percentage to total Outstanding Shares</i>
1 Laperal, Sr. Oliverio G.	546,552,070	83.76%
2 PCD Nominee, Corporation	32,971,565	5.05%
3 LMI Holdings Corporation	21,905,000	3.36%
4 Olondriz, Marino Y Cia	2,411,095	0.37%
5 Laperal, Desiderio L.	1,670,000	0.26%
6 Laperal, Alexandra L.	1,660,000	0.25%
7 Ganotisi, Filomeno	1,630,000	0.25%
Total subscribed shares of controlling groups/individuals	608,799,730	93.30%
Total subscribed shares	652,500,000	100%

In 2018, the major shareholder of the Parent Company, Mr. Oliverio G. Laperal Sr. passed away due to old age. His shares of stocks in the Parent Company are amongst those reported and included in the inventory of the estate settlement proceedings before the Regional Trial Court, Branch 148, Makati City, Metro Manila in the proceedings entitled “Petition for the Probate of the Will of Oliverio G. Laperal, Sr.” where Mr. Desiderio Christopher L. Laperal is the petitioner. The petition was docketed as R-MKT-18-04136-SP.

As at December 31, 2019, the appointment of the executor of the estate of Mr. Oliverio G. Laperal Sr. is still in process.

NOTE 21 - EMPLOYEE COSTS

This account consists of:

	Notes	2019	2018	2017
Salaries and wages	25	2,782,906	3,170,328	2,952,700
SSS, Philhealth and HDMF contributions	25	52,806	73,135	73,139
Retirement benefits expense	18, 25	354,833	333,991	277,194
		3,190,545	3,577,454	3,303,033

NOTE 22 - DEPRECIATION

This account consists of:

	Notes	2019	2018	2017
Office equipment		6,451	16,767	27,503
Office furniture and fixture		1,261	3,780	3,780
Building		-	-	146,248
	12, 25	7,712	20,547	177,531

NOTE 23 - FOREIGN CURRENCY-DENOMINATED ASSETS

Dollar denominated assets are as follows:

	2019	2018	2017
Asset:			
Cash and cash equivalents	45,339	45,158	44,958
Year end exchange rate	50.744	52.724	49.930
Peso equivalent	2,300,682	2,380,886	2,244,753

Unrealized loss (gain) on foreign exchange credited to operations for the years ended December 31, 2019, 2018 and 2017 amounted to P89,603, (P125,631), and (P9,294) (Note 8), respectively.

NOTE 24 - LEASE AGREEMENTS

The Parent Entity and Subsidiary entered into operating lease agreements as follows:

1. The Company entered into an operating lease agreement with Imperial Development Corporation (IDC) for a lease of office space at 82-D and 82-J 4th Street, New Manila, Quezon City including adjoining room consisting of 26.8 square meters for a period of one (1) year from January 1, 2016 to December 31, 2016, renewable upon mutual agreement in writing by both parties, with a monthly rental of P47,300, exclusive of 12% VAT. The lease was renewed in 2018 and 2017 under the same terms, stipulations, and conditions.
2. The Company entered into a sub-lease agreement with Filipinas Golf & Country Club, Inc. as a sub-lessee for an office space with an area of ten (10) sq. m. more or less located at Unit 202 Villa Building, No. 78 Jupiter Street corner Makati Avenue, Barangay Bel-Air, Makati City for a period of one (1) year with a monthly rate of P6,434 from January 1, 2016 to May 31, 2016 and P6,690 from June 1, 2016 to December 31, 2016 which includes water bills, parking and association dues. The sub-lease agreement was renewed for another year in 2017 from June 1, 2017 to May 31, 2018 with a monthly rental of P6,690. This was further renewed from June 1, 2018 to May 31, 2019 with a monthly rental of P7,014. This was renewed for another year from April 1, 2019 to March 31, 2020 with a monthly rental P8,191, inclusive of association dues and VAT.

Total rent expense charged to operations amounts to P825,228, P800,804 and P782,887 for the years ended December 31, 2019, 2018 and 2017, respectively.

The future minimum lease payments under non-cancellable operating lease are as follows:

	2019	2018	2017
Not later than one year	23,344	33,317	33,450

NOTE 25 - ADMINISTRATIVE EXPENSES

This account consists of:

	Note	2019	2018	2017
Salaries and wages	21	2,782,906	3,170,328	2,952,700
Taxes and licenses		1,481,450	494,773	1,709,001
Rent	24	825,228	800,804	782,887
Utilities		549,107	598,432	514,284
Professional fees		428,716	416,293	521,600
Dues and subscription		389,862	380,018	473,913
Retirement benefit	18, 21	354,833	333,991	277,194
Director's fees	19	225,000	195,000	280,000
Security services		204,000	204,000	234,000
Repairs and maintenance		187,439	165,401	159,463
Transportation and travel		165,158	164,009	185,383
Supplies and other office expenses		71,265	105,540	86,561
Penalties and surcharges		53,556	-	-
SSS, Philhealth and HDMF contributions	21	52,806	73,135	73,139
Insurance		44,118	33,054	47,215
Depreciation	11	7,712	20,547	177,531
Bank charges		125	550	50
Office supplies		50	-	-
Impairment loss on investment in AFS		-	-	6,910
Miscellaneous		289,293	284,879	198,423
		8,112,624	7,440,754	8,680,254

NOTE 26 - NON-CONTROLLING INTEREST

This account consists of:

	2019	2018	2017
Non-controlling interest net loss for the year	(3,525)	(2,194)	(3,991)
Non-controlling interest in net assets	(235,208)	(233,016)	(229,025)
	(238,733)	(235,210)	(233,016)

The non-controlling interest represents one (1%) percent ownership interest of the Subsidiary.

NOTE 27 - BASIC AND DILUTED EARNINGS PER SHARE

The basic earnings per share is computed as follows:

	2019	2018	2017
Profit (loss) for the year	(2,495,392)	227,801,712	41,436,507
Divided by: Weighted average number of common shares	636,563,546	636,551,046	636,413,546
Basic earnings per share	0.00	0.36	0.07

The diluted earnings per share is computed as follows:

	2019	2018	2017
Profit (loss) for the year	(2,495,392)	227,801,712	41,436,507
Divided by: Weighted average number of common shares	636,563,546	636,551,046	636,413,546
Number of shares assumed to be purchased	15,936,454	15,948,954	16,086,454
Total	652,500,000	652,500,000	652,500,000
Diluted earnings per share	0.00	0.35	0.06

NOTE 28 - COMMITMENTS AND CONTINGENCIES

The Parent Entity and Subsidiary have no impending liabilities, direct claims, contingent liabilities or matters in which there is a reasonable possibility of an outcome which might materially affect the consolidated financial position or results of operations as at December 31, 2019, 2018 and 2017.

Commitment to Memorandum of Agreement

In accordance with the Parent Entity's Memorandum of Agreement with PT. INDOMINAS for the exclusive rights to do preliminary studies before choosing the area to be developed, if the results of the studies are favorable, the Parent Entity shall pay another US\$170,000 upon approval of the conversion of the selected areas into exploration concession (Note 2).



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Shareholders of
IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY
82-J 4th Street, Barangay Mariana, New Manila
Quezon City

We have audited the consolidated financial statements of IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY in accordance with the Philippine Standards on Auditing for the year ended December 31, 2019 and have issued our report thereon dated June 9, 2020. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole.

The supplementary information included in the following accompanying additional components is the responsibility of the Parent Entity and Subsidiary's management.

- i. Tabular schedule of standards and interpretations as of reporting date
- ii. Schedule of financial soundness indicators
- iii. Map of conglomerate or group companies within which the reporting entity belongs
- iv. Supplementary schedules as required under Annex 68-J
- v. Reconciliation of Retained Earnings Available for Dividend Declaration

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

VILLARUZ, VILLARUZ & CO., CPAs
000-889-941

By:

NORMITA L. VILLARUZ

CPA Certificate No. 36181

PRC ID No. 0036181 valid until September 20, 2021

PTR No. 9415439 issued on January 17, 2020 at Quezon City

BIR Accreditation No. (Individual) 07-001491-003-2017 issued on December 20, 2017 valid until December 19, 2020

BIR Accreditation No. (Firm) 07-001486-004-2017 issued on December 20, 2017 valid until December 19, 2020

SEC Accreditation No. (Individual) 0600-AR-3 (Group A) issued on October 8, 2019 valid until October 7, 2022

SEC Accreditation No. (Firm) 0128-FR-4 (Group A) issued on October 8, 2019 valid until October 7, 2022

T.I.N. 101-825-674

BOA/PRC Registration No. 0058 issued on October 4, 2018 valid until June 26, 2021

Quezon City, Philippines
June 9, 2020



IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY
As at and for the year ended December 31, 2019

OTHER DOCUMENTS TO BE FILED WITH THE ANNUAL AUDITED FINANCIAL STATEMENTS

Under paragraph 4(J) of SRC Rule 68, as amended, large and/or publicly-accountable entities are required to submit with their audited financial statements a schedule, in table format, showing in the first column a list of all the effective standards and interpretations under the PFRS as of year-end, and an indication opposite each in the second column on whether it is “Adopted”, “Not adopted” or “Not applicable”.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2019		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			✓
	Amendment to PFRS 1: Deletion of short-term exemptions for first-time adopters			✓
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: Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2019		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	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 PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
PFRS 8	Operating Segments	✓		
PFRS 9 (2014)	Financial Instruments	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
PFRS 10	Consolidated Financial Statements	✓		
PFRS 11	Joint Arrangements			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
	Amendments to PFRS 15: Clarifications to PFRS 15	✓		
PFRS 16	Leases	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2019		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative		✓	
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
	Amendment to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
PAS 19 (Revised)	Employee Benefits	✓		
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	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PAS 27 (Amended): Equity			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2019		Adopted	Not Adopted	Not Applicable
	method in Separate Financial Statement			
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendment to PAS 28 (Amended): Measuring an associate or joint venture at fair value			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
pPAS 40	Investment Property	✓		
	Amendments to PAS 40: Transfers of Investment Property	✓		
PAS 41	Agriculture			✓
	Amendments to PAS 41: 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 10	Interim Financial Reporting and Impairment	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2019		Adopted	Not Adopted	Not Applicable
IFRIC 12	Service Concession Arrangements			✓
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 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
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	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-32	Intangible Assets - Web Site Costs			✓

IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY
As at and for the years ended December 31, 2019, 2018 and 2017

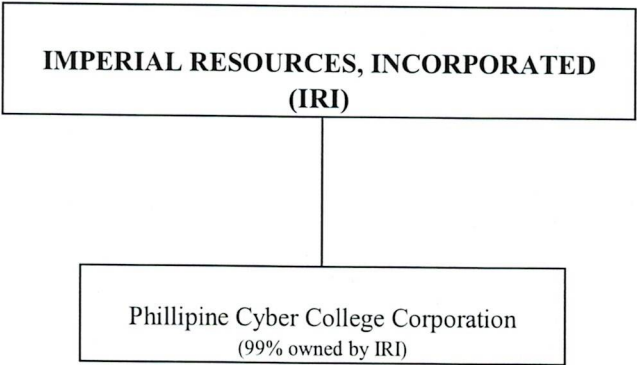
Pursuant to Revised Securities Regulation Code (SRC) Rule 68 Part 1 General Financial Reporting Requirements No. 5 Other Documents To Be Filed With The Financial Statements.

- A. Per Subsection C. "Regulated Entities Enumerated in Section 3 (b) (i) of Part 1 of This Rule" requirement of a schedule, showing financial soundness indicators in two comparative periods as follows: (i) current/liquidity ratio; (ii) solvency ratios, debt-to-equity ratios; (iii) asset-to-equity ratios; (iv) interest rate coverage ratios; (v) profitability ratios; (vi) other relevant ratios as the Commission may consider necessary.

	2019	2018	2017
(i) Current/liquidity ratios:			
Current assets	3,031,287	3,543,776	2,760,433
Current liabilities	239,583	2,273,251	1,972,766
	$\frac{3,031,287}{239,583} = 12.65:1$	$\frac{3,543,776}{2,273,251} = 1.56:1$	$\frac{2,760,433}{1,972,766} = 1.40:1$
(ii) Debt-to-equity ratios:			
Total liabilities	48,595,377	41,223,110	33,450,464
Equity	796,884,279	799,234,167	571,186,068
	$\frac{48,595,377}{796,884,279} = 0.06:1$	$\frac{41,223,110}{799,234,167} = 0.05:1$	$\frac{33,450,464}{571,186,068} = 0.06:1$
(iii) Solvency ratios:			
Total liabilities	48,595,377	41,223,110	33,450,464
Total assets	845,479,656	840,457,277	604,636,532
	$\frac{48,595,377}{845,479,656} = 0.06:1$	$\frac{41,223,110}{840,457,277} = 0.05:1$	$\frac{33,450,464}{604,636,532} = 0.06:1$
(iv) Asset-to-equity ratios:			
Total assets	845,479,656	840,457,277	604,636,532
Equity	796,884,279	799,234,167	571,186,068
	$\frac{845,479,656}{796,884,279} = 1.06:1$	$\frac{840,457,277}{799,234,167} = 1.05:1$	$\frac{604,636,532}{571,186,068} = 1.06:1$
(v) Interest rate coverage ratios (Earnings before interest and taxes/Interest expense):			
This ratio is not applicable since the Parent Entity and Subsidiary has no interest expense.			
(vi) Profitability ratios (Net profit after taxes/Revenues before cost of services):			
This ratio is not applicable since the Parent Entity and Subsidiary has no revenues.			

IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY
As at and for the year ended December 31, 2019

**MAP OF THE CONGLOMERATE OR GROUP OF COMPANIES
WITHIN WHICH THE REPORTING ENTITY BELONGS**



IMPERIAL RESOURCES, INCORPORATED AND SUBSIDIARY
As at and for the year ended December 31, 2019

SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J

This Annex prescribes the disclosure requirements including the form and content of the schedules required by section 6, Part II of Revised Securities Regulation Code (SRC) Rule 68.

Schedule A. Financial Assets

This schedule is not applicable to the Parent Entity and Subsidiary since there is no Fair Value through Profit or Loss as at December 31, 2019.

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

This schedule is not applicable to the Parent Entity and Subsidiary since there are no amounts receivable from directors, officers, employees, related parties and principal stockholders (other than related parties) from whom an aggregate indebtedness of more than One Million Pesos (P1 Million) or one per cent (1%) of total assets, whichever is less, is owed at December 31, 2019.

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

This schedule consists of:

Name and Designation of Debtor	Balance at Beginning Period	Additions	Amounts Collected	Amounts Written Off	Ending balance		Balance at End of Period
					Current	Non-current	
Philippine Cyber College Corporation (Subsidiary)							
<i>Due from Subsidiary</i>							
	P 23,647,934	P 314,000	P -	P -	P -	P 23,961,934	P 23,961,934
<i>Allowance for impairment loss</i>							
	(22,938,000)	(440,000)	-	-	-	(23,378,000)	(23,378,000)
	P 709,934	P (126,000)	P -	P -	P -	P 583,934	P 583,934

Schedule D. Long-Term Debt

This schedule is not applicable to the Parent Entity and Subsidiary since there is no long-term debt as at December 31, 2019.

Schedule E. Indebtedness to Related Parties

This schedule consists of advances from shareholders for continuous support to the Parent Entity's operations as at December 31, 2019:

Name of related party	Balance at beginning of the period	Additions (Payments)	Balance at end of period
Oliverio G. Laperal, Sr.	12,861,215	-	12,861,215
LTC Real Estate Corporation	21,737,625	9,264,000	31,001,625
	34,598,840	9,264,000	43,862,840

Schedule F. Guarantees of Securities of Other Issuers

This schedule is not applicable to the Parent Entity and Subsidiary since there is no guarantees of securities of other issuing entities by the issuer for which the statement is filed as at December 31, 2019.

Schedule G. Capital Stock

This schedule consists of:

Title of Issue	Number of shares authorized	issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common Stock	1,800,000,000	636,563,546	-	22,952,375	3,250,000	610,361,171

IMPERIAL RESOURCES, INCORPORATED
82-J 4th Street, New Manila, Quezon City

RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2019

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, December 31, 2016		(217,446,433)
Add: Net income actually earned/realized during 2017		
Net income during 2017 closed to Retained Earnings	41,437,507	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture		
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents) Unrealized actuarial gain		
Fair value adjustment (M2M gains)		
Fair value adjustment of Investment Property resulting to gain	50,000,000	
Amount of recognized DTA that increased the amount of income tax expense		
Adjustment due to deviation from PFRS/GAAP-gain		
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS		
Sub-total	50,000,000	
Add: Non-actual losses	-	
Depreciation on revaluation increment (after tax)		
Amount of recognized DTA that increased the amount of income tax expense	80,506	
Adjustment due to deviation from PFRS/GAAP - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
	80,506	
Net income actually earned during 2017		(8,481,987)
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, December 31, 2017		(225,928,420)
Add: Net income actually earned/realized during 2018		
Net income during 2018 closed to Retained Earnings	227,801,712	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture		
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents) Unrealized actuarial gain		
Fair value adjustment (M2M gains)		
Fair value adjustment of Investment Property resulting to gain	235,000,000	
Amount of recognized DTA that increased the amount of income tax expense		
Adjustment due to deviation from PFRS/GAAP-gain		
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS		
Sub-total	235,000,000	
Add: Non-actual losses	-	
Depreciation on revaluation increment (after tax)		
Amount of recognized DTA that increased the amount of income tax expense	99,916	
Adjustment due to deviation from PFRS/GAAP - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
	99,916	
Net income actually earned during 2018		(7,098,372)
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, December 31, 2018		(233,026,792)
Add: Net income actually earned/realized during 2019		
Net income during 2019 closed to Retained Earnings	(2,495,392)	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture		
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents) Unrealized actuarial gain		
Fair value adjustment (M2M gains)		
Fair value adjustment of Investment Property resulting to gain	5,500,000	
Amount of recognized DTA that increased the amount of income tax expense		
Adjustment due to deviation from PFRS/GAAP-gain		
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS		
Sub-total	5,500,000	
Add: Non-actual losses	-	
Depreciation on revaluation increment (after tax)		
Amount of recognized DTA that increased the amount of income tax expense	103,937	
Adjustment due to deviation from PFRS/GAAP - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
	103,937	
Net income actually earned during 2019		(7,891,455)
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, December 31, 2019		(240,918,247)

COVER SHEET

3 9 2 4 3
S.E.C. Registration Number

IMPERIAL RESOURCES
INCORPORATED

(Company's Full Name)

82-J 4TH STREET,
BARANGAY MARIANA, NEW MANILA
QUEZON CITY, METRO MANILA

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

JESUS VICENTE B. CAPELLAN

7 2 1 - 6 9 9 4

Company Telephone Number

SEC FORM 17-C

CERTIFICATION OF INDEPENDENT DIRECTOR
GENELITA G. MANANDIC

1 2

3 1

Month Day
Fiscal Year

Form Type

N/A

Secondary License Type, If Applicable

0 7

1 1

Month Day
Annual Meeting

M S R D

Dept. Requiring this Doc.

N/A

Amended Articles Number/Section

N/A

Total No. of Stockholders

Total Amount of Borrowings

N/A

Domestic

N/A

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Remarks = pls. Use black ink for scanning purposes

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **GENELITA G. MANANDIC**, Filipino, of legal age and a resident of 1 Maya-maya Circle, Corner Maya-maya Drive, Victoria Valley Subdivision, Bgy. Dela Paz, Antipolo City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for independent director of **IMPERIAL RESOURCES, INCORPORATED** and have been its independent director since June 10, 2010.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY / ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Filipinas Golf & Country Club, Inc.	Director	2010 - present
Fruit and Veggie Friends Club, Inc.	Founder, Lecturer	2004 - present
Thocaris One Corp.	Partners	1990 - 2018
Subic Bay Waterfront Dev. Corp.	Group Manager	1998 - 2000
COCOLIFE	Agency Manager	1992 - 1995
COCOLIFE	Life Underwriter	1991 - 1992
Everlasting Memorial Park	Marketing Manager	1996 - 1997

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **IMPERIAL RESOURCES, INCORPORATED**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code).

NAME OF DIRECTOR/ OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
	NOT APPLICABLE	

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/ INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
	NOT APPLICABLE	

- Done this 25 day of JUN 2020 at QUEZON CITY.

Doc. No. 494 ;
Page No. 50 ;
Book No. xii ;
Series of 2019.

COVER SHEET

3 9 2 4 3
S.E.C. Registration Number

IMPERIAL RESOURCES
INCORPORATED

(Company's Full Name)

82-J 4TH STREET,
BARANGAY MARIANA, NEW MANILA
QUEZON CITY, METRO MANILA

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

JESUS VICENTE B. CAPELLAN

7 2 1 - 6 9 9 4
Company Telephone Number

SEC FORM 17-C

CERTIFICATION OF INDEPENDENT DIRECTOR
ANTHONY NELSON G. MENDOZA

1 2

3 1

0 7

1 1

Month Day
Fiscal Year

Form Type

Month Day
Annual Meeting

N/A

Secondary License Type, If Applicable

M S R D

Dept. Requiring this Doc.

N/A

Amended Articles Number/Section

N/A

Total No. of Stockholders

Total Amount of Borrowings

N/A

Domestic

N/A

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Remarks = pls. Use black ink for scanning purposes

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ANTHONY NELSON G. MENDOZA**, Filipino, of legal age and a resident of 103 Acacia Avenue, Ayala Alabang, Muntinlupa City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for independent director of **IMPERIAL RESOURCES, INCORPORATED** and have been its independent director since April 21, 2010.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
BLESS Microfinance Corp.	President	1998 - present
BLESS Tahanan Corp.	President	2005 - present
BLESS Entrepreneurial Agri-Business Development Corp.	President	2007 - present
BLESS Omnitrans Services Corp.	President	2008 - present
BLESS Kaunlaran Corp.	President	2011 - present
BLESS Nutrifoods Corp.	Treasurer	2016 - present
BLESS Inc.	President	2016 - present
BLESS Amare Inc.	President	2016 - present
BLESS Okiniiri Resto Inc.	President	2017 - present
BLESS LAS PAELLAS, INC.	President	2017 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **IMPERIAL RESOURCES, INCORPORATED**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code).

NAME OF DIRECTOR/ OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
	NOT APPLICABLE	


5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the

following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/ INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
	NOT APPLICABLE	

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of IMPERIAL RESOURCES, INCORPORATED of any changes in the above-mentioned information within five days from its occurrence.


Done this day of JUN 25 2020 2020 at QUEZON CITY


ANTHONY NELSON G. MENDOZA
Affiant

SUBSCRIBED AND SWORN to before me this JUN 25 day of 2020
affiant personally appeared and exhibited to me his Passport No. P2488122A issued at
DFA, Manila expiring on March 27, 2022.

NOTARY PUBLIC

Doc. No. 493;
Page No. 50;
Book No. 81;
Series of 2020.


ATTY. RODOLFO J. BOLIVAR
 NOTARY PUBLIC IN QUEZON CITY
 All Adm. Not. Cert. No. 129-142-15 untl 12-31-2020
 IBP O.R. No. 055296 Jan. 2020
 IBP O.R. No. 055296 Jan. 2020
 IBP O.R. No. 055296 Jan. 2020
 IBP O.R. No. 055296 Jan. 2020
 Address: 51-F Harvard St. Cebu, City