COVER SHEET

SEC Registration Number

1 3 4 8 0 0

Company Name

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town)Province)

4TH FLOOR LANSBERGH PLACE 170 TOMAS MORATO AVE. COR. SCOUT CASTOR ST., QUEZON CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q 2nd Qtr. 2019	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
ortrud_ting@joh.ph	373-3038	N/A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
33	Any Day in June	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
ORTRUD T. YAO	ortrud_ting@joh.ph	373-3038	N/A

Contact Person's Address

4TH FLOOR LANSBERGH PLACE 170 TOMAS MORATO AVE. COR. SCOUT CASTOR ST., QUEZON CITY

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

JOLLIVILLE HOLDINGS CORPORATION

SEC FORM 17-Q

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

1. For the quarterly period ended: **June 30, 2019**

2. SEC Identification No. **134800**

3. BIR Tax Identification **No. 000-590-608-000**

4. Exact name of registrant as specified in its charter:
JOLLIVILLE HOLDINGS CORPORATION

5. Province, Country or other jurisdiction of incorporation or organization:
PHILIPPINES

6. Industry Classification Code : _________ (SEC Use Only)

7. Address of principal office and Postal Code:
4th Floor 20 Lansbergh Place, Tomas Morato Ave. cor. Scout Castor St., 1103 Quezon City

8. Registrant's telephone no. and area code: **(632) 373-3038**

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

10. Securities registered pursuant to Sections 4 & 8 of the RSA:

Title of Each Class	No. of Shares of Common Stock Outstanding &/or Amount of Debt Outstanding
Common Stock, ₱ 1 par value	**281,500,000 shares**

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

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):
Yes [x] No [ ]

(b) has been subject to such filing requirements for the past 90 days:
Yes [x] No [ ]

TABLE OF CONTENTS

FINANCIAL INFORMATION

Item 1. ***FINANCIAL STATEMENTS***

Please find attached herein the Unaudited Consolidated Financial Statements (as Exhibit I) for the second (2nd) Quarter ending June 30, 2019.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

The consolidated financial statements for the second quarter ended June 30, 2019 resulted in a net income after tax of ₱12,284,113 compared to ₱358,926,437 for the same period last year.

Power sales pertain to the electricity generation activity of OPI. OPI supplies electricity to Oriental Mindoro Electric Cooperative (ORMECO) and operates a bunker fuel fired power plant in Calapan City and the Inabasan mini hydro power plant (IMHPP) in the Municipality of San Teodoro, Oriental Mindoro. Power sales increased by 56.78% from ₱187,729,019 to ₱294,314,529 for the six months ended of this year as against the same period last year due to higher fuel prices and additional revenues generated from IMHPP. Fuel cost reimbursements form part of OPI's revenues despite being a passed on charge to customers. During first quarter of this year, OPI started to operate its IMHPP. As of second quarter of 2019, delivered energy from the Calapan Diesel Power plant was at 22,947,708 kilowatt hours (kWh) compared to 17,758,188 kWh for the same period last year. The IMHPP delivered 4,549,907 kWh as of the 2nd quarter of 2019.

Water service revenues slightly grew by ₱2,903,453 or 2.22% from ₱130,695,063 in 2018 to ₱133,598,516 by the second quarter of 2019. The increase is attributable to additional production volume in service areas. As of second quarter of 2019, total subscriber base stood at 20,625 compared to 21,699 subscribers for the same period in 2018. (Please see Note 9 of the Notes to Consolidated Financial Statements). 2018 figures include water revenues and number of subscribers of MAWI. Excluding the effect of MAWI from the Q2 2018 figures, water service revenues were ₱117,179,934 and number of subscribers were 18,960.

Rental revenues decreased by 6.40% or ₱2,334,660 as a result of terminated contracts.

Technical services decreased by 60.21% or ₱12,630,659 from ₱20,977,879 in 2018 to ₱8,347,220 in 2019. Contract with a client ceased effective July 1, 2018.

Cost of services increased by 44.32% or ₱102,297,831 for the period. This was mainly due to additional costs incurred related to IMPHPP operations.

Operating expenses decreased by 4.67% or ₱3,528,482 for the period. This represents the net effect of operational expenses related to IMHPP in 2019 and MAWI's water operating expenses in 2018.

Net other charges increased by 104.70% or ₱325,914,641 for the six months ended June 30, 2019. This is the net effect of higher finance charges and increase in fair value of investment property in 2019 and gain on sale of investment in a subsidiary recognized in 2018. Higher finance charges are due to loan availments during the period and OPI started to report its interest expense on its IMHPP loans which is previously capitalized as part of Construction in progress under Property, plant and equipment account.

The decrease in net income this period compared to the same period last year mainly resulted from gain on sale of investment in a subsidiary in 2018.

Noncontrolling interest represents noncontrolling stockholders' share in the net income or loss of Tubig Pilipinas Corp. and subsidiaries, Philippine Hydro Electric Ventures, Inc. and a subsidiary and Jolliville Leisure & Resort Corporation and subsidiaries. The fluctuation in this account is tied-in to the operating results and to the Group's overall ownership in these subsidiaries.

Financial Position

Total assets decreased by 0.03% or ₱1,948,308 from ₱6,012,381,655 as of December 31, 2018 to ₱6,010,433,347 as of June 30, 2019.

The biggest contributor to the decrease of total assets came from cash and cash equivalents account. This account decreased by 33.03% or ₱84,006,865 during the period. This represents the net effect of loan availments made and payment of obligations as of second quarter of 2019.

Receivables increased by 7.34% or ₱13,464,348 during the first six months of 2019 due to lesser collection from customers.

Due from related parties increased by 3.74% from ₱298,322,924 as of December 31, 2018 to ₱309,474,891 as of June 30, 2019 as advances were made to affiliates for working capital requirements.

Inventories amounting to ₱23,850,588 pertain mostly to OPI's fuel and oil. Fuel consumption is greater than the delivered amount which resulted to a decrease of 16.80% or ₱4,815,794 from last year's balance of ₱28,666,382.

Other current assets decreased by 2.39% from ₱101,112,021 as of December 31, 2018 to ₱98,692,966 as of June 30, 2019. The decrease mainly pertains to application of input VAT and creditable withholding as payment for taxes.

Some of JOH's investment properties were appraised during the period. This resulted to an increase of 3.92% or ₱46,799,000 from ₱1,192,594,374 as of December 31, 2018 to ₱1,239,393,374 as of June 30, 2019.

Property, plant and equipment amounted to ₱3,907,673,799 and ₱3,889,795,708 as of June 30, 2019 and December 31, 2018. It increased by 0.46% or ₱17,878,091 due to the net effect of additional capital expenditures for the construction of JLRC's Jolly Waves Waterpark & Resort construction project and depreciation.

Equity investment at FVOCI, investment in associates, deferred tax assets and other noncurrent assets were unchanged from their balances as of June 30, 2019.

Accounts payable and other current liabilities decreased by 26.76% from ₱949,317,369 as of December 31, 2018 to ₱695,234,791 as of June 30, 2019. Much of this is attributed to OPI's, CWWC's, and JLRC's payments made to contractors.

Loans payable decreased by 1.37% or ₱29,334,115 as of June 30, 2019. This represents the net effect of loan payments and additional releases from the loan facility with local banks intended for the construction of Inabasan power plant and Jolly Waves Park & Resort and short-term loan drawings made by CWWC and OPI for working capital.

Due to related parties increased by 18.42% from ₱336,110,311 as of December 31, 2018 to ₱398,034,121 as of June 30, 2019 as the effect of additional advances received from affiliates.

The income tax liability as of December 31, 2018 was due and paid in April 2019. The income tax liability as of June 30, 2019 consists of income tax accruals for the second quarter of 2019. Income tax payable increased by 20.55% as of June 30, 2019.

Deferred tax liabilities increased by 5.58% or ₱14,039,700 which pertains to tax effect of fair value adjustment in investment property.

Customers' deposits increased by 7.97% or ₱1,941,150 as of June 30, 2019. This account pertains to additional water meter maintenance collected by CWWC.

Retirement benefit obligation was unchanged from year-end.

Noncontrolling interest represents noncontrolling stockholders' share in the net income or loss of Tubig Pilipinas Corp. and subsidiaries, Philippine Hydro Electric Ventures, Inc and a subsidiary and Jolliville Leisure & Resort Corporation and subsidiaries. The fluctuation in this account is tied-in to the operating results and to the Group's overall ownership in these subsidiaries.

Liquidity and Solvency

The Group's cash balance decreased from ₱254,358,860 as of end of 2018 to ₱170,351,995 as of June 30, 2019. The decrease was due to payments made to creditors. There are sufficient cash and credit to finance operating and investing activities of the Group.

Dividends

The Parent Company held a Special Stockholders' Meeting (SSM) last February 13, 2019 for the purpose of approving the 66.03% property dividend declaration made by the Parent Company's Board of Directors on January 4, 2019. Stockholders of record as of January 18, 2019 were entitled to vote at the SSM. The property dividends to be distributed are shares of stock of 2 subsidiaries of the Parent Company, Philippine Hydro Electric Ventures Inc. ("Phil Hydro") and Tubig Pilipinas Corp. ("TPC"). The property dividend amounted to ₱185,862,750, comprising of 76,500,000 shares of Phil Hydro carried at ₱1.00 per share and 42,225,000 shares of TPC carried at ₱2.59 per share. Carrying values are computed based on interim financial statements of both subsidiaries as of September 30, 2018. Entitled shareholders shall receive 27 shares of Phil Hydro and 15 shares of TPC for every 100 shares of JOH.

Issuances, Repurchases, and Repayments of Debt and Equity Securities

None

Events that will trigger Direct or Contingent Financial Obligation that is Material to the Company, including any Default or Acceleration of an Obligation

None

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

None

Known Trends, Demands, Commitments, Events or Uncertainties that will have a Material Impact on Liquidity or that are reasonably expected to have a Material Favorable or Unfavorable Impact on Net Sales/Revenues/Income from Continuing Operations

On June 21, 2016, the Energy Regulatory Commission (ERC) issued a Decision for the approval of the Power Supply Agreement (PSA) between ORMECO and Ormin Power Inc. (OPI). The ERC only granted the generation rates of ₱2.0931/kWh (pre-maximization) and ₱1.9686/kWh (post-maximization) from OPI's proposed rate of ₱2.95/kWh under the PSA. The difference in rate is primarily due among others, to ERC's exclusion of pre-operating expenses, contingency, permits/licenses and other development costs in the computation of the total project cost as a component of the capacity fee and the use of the contracted energy of 3,800,000 kWh/ month and 4,939,200 kWh/month in fixing the billing determinants.

On October 17, 2016, OPI filed an Omnibus Motion for Partial Reconsideration and for the Issuance of a Status Quo Order to the ERC. On January 11, 2017, OPI filed a Supplemental Motion for Partial Reconsideration to submit supporting documents based on OPI's incurred actual expenses.

On June 6, 2017, the Commission issued a Status Quo Ante Order deferring the implementation of the decision dated June 21, 2016 for a period of no more than six (6) months or until the issues are earlier resolved.

On December 5, 2017, ERC issued an Order extending the Status Quo Order prayed by OPI in its Omnibus Motion. The implementation of the Decision dated June 21, 2016 was stayed for another six (6) months or until the resolution of the Omnibus Motion, which comes earlier.

On June 5, 2018, ERC extended the Status Quo Order for another 6 months or until December 5, 2018.

On December 4, 2018, ERC pronounced that ORMECO has not complied with its directive to submit documents and shall resolve the case based on the records submitted by OPI. While reviewing the case records, ERC extended the Status Quo for a period of three (3) months or until March 5, 2019 or until the resolution of the Motion, whichever comes earlier.

Upon evaluation of the Omnibus Motion for Partial Reconsideration and for the Issuance of a Status Quo Order and Supplemental Motion for Reconsideration, ERC On March 5, 2019 extended the Status Quo Order for another 6 months effective March 5, 2019 to September 4, 2019 because the ERC deems it proper to review further the case in view of the discrepancies of the rate components prescribed under the PSA and the presented in the Omnibus Motion.

Management strongly believes that the ERC should favorably consider OPI's Motion on the matter of the excluded costs, sufficiently supported by evidence of actual amounts incurred.

Cause for any Material Change from period to period which shall include Vertical and Horizontal Analyses of any Material Item

This is already incorporated in the discussion under "Results of Operations" and "Financial Position".

Seasonal Aspects that has a Material Effect on the Financial Statements

None

Material Commitments for Capital Expenditures, General Purpose of such Commitments, Expected Sources of Funds for such Expenditures

Ormin Power, Inc. has completed its 10 MW Mini Hydro Power Plant facility in San Teodoro, Oriental Mindoro. The project cost is ₱2.4 billion and it is currently being financed through a term loan from the Development Bank of the Philippines. The total principal and interest released amounted to ₱1.138 billion ₱122.69 million as of June 30, 2019.

On March 14, 2014, OPI entered into an agreement with a foreign supplier for the purchase of various hydroelectric equipment to be used in the Inabasan Mini Hydro Power Plant. Total contract price of the equipment amounted to US$3.0 million.

Calapan Waterworks Corporation has completed the 2nd Phase Expansion Program for Calapan City Water Supply System. Phase II involved development of new water production facilities, installation of storage facilities for the water system, and pipe laying of additional distribution lines. Phase II was estimated to cost about ₱162 million, about ₱118 million was financed through bank borrowing while the balance has been funded through internally generated funds.

Any Significant Elements of Income or Loss that did not arise from Continuing Operations

None

Financial Risk Disclosure

Please refer to Note 2 of the Notes to Consolidated Financial Statements for the description, classification and measurements applied for financial instruments of the Group.

The Group's principal financial instruments comprise of cash, receivables, short-term bank deposits, available-for-sale investments, bank loans, trade payables, due to related parties and payable to property owners. The main purpose of the Group's financial instruments is to fund the Group's operations and to acquire and improve property and equipment. The main risks arising from the use of financial instruments are liquidity risk, interest rate risk and credit risk.

The main objectives of the Group's financial risk management areas are as follows:

- To identify and monitor such risks on an ongoing basis;
- To minimize and mitigate such risks; and
- To provide a degree of certainty about costs.

The Group's Board reviews and agrees with policies for managing each of these risks. These are summarized below:

Liquidity risk
The Group seeks to manage its liquid funds through cash planning on a weekly basis. The Group uses historical figures and experiences and forecasts from its collections and disbursements. The Group's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information.

Interest rate risk
The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term borrowings. The Group's policy is to minimize interest rate cash flow risk exposures. Long-term borrowings are therefore usually at agreed interest rates. Also, the Group manages its exposure to interest rate risk by closely monitoring bank interest rates with various banks and maximizing borrowing period based on market volatility of interest rates.

Credit risk
This risk refers to the risk that a customer/debtor will default on its contractual obligations resulting in financial loss to the Group. The Group controls this risk through monitoring procedures and regular coordination with the customers. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group also controls this risk by cutting its services and refusal to reconnect until the customer's account is cleared or paid.

The Group's credit risk is primarily attributable to its trade receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Given the Group's diverse customer base, it is not exposed to large concentration of credit risk.

Currency risk is the risk that a business' operations or an investment's value will be affected by changes in exchange rates. If Philippine pesos, the Group's functional currency, has to be converted into another currency to buy or sell goods and services, or to make certain investments, a gain or loss may arise when these are converted back into pesos. This risk has been assessed to be insignificant given that all the Group's transactions are made in pesos. The Group has no investments in foreign securities.

Market risk is the risk of losses arising from changes in market prices. This usually affects an entire class of assets or liabilities. The value of investments may decline over a given period of time simply because of economic changes or other events that impact large portions of the market. Management has assessed this risk to be insignificant since the Group's financial instruments are not openly traded in the open market (stock exchange, foreign exchange, commodity market, etc.) nor does it engage in exotic financial instruments such as derivatives, spot or forward contracts and the like. The fair values of the Group's financial instruments did not change between this period and the preceding period thus no gain or loss was recognized.

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Philippine Pesos)

	Note		**June 30, 2019 (Unaudited)**		December 31, 2018 (Audited)
ASSETS					
Current Assets					
Cash and cash equivalents		₱	**170,351,995**	₱	254,358,860
Receivables – net			**196,907,569**		183,443,221
Due from related parties	5		**309,474,891**		298,322,924
Inventories			**23,850,588**		28,666,382
Other current assets			**98,692,966**		101,112,021
Total Current Assets			**799,278,009**		865,903,408
Noncurrent Assets					
Equity investment at Fair Value through Other Comprehensive Income (FVOCI)			**2,824,777**		2,824,777
Investment in associates			**25,423,129**		25,423,129
Investment property			**1,239,393,374**		1,192,594,374
Property, plant and equipment – net			**3,907,673,799**		3,889,795,708
Deferred tax assets	7		**15,772,682**		15,772,682
Other noncurrent assets - net			**20,067,577**		20,067,577
Total Noncurrent Assets			**5,211,155,338**		5,146,478,247
		₱	**6,010,433,347**	₱	6,012,381,655
LIABILITIES AND EQUITY					
Current Liabilities					
Short-term loans payable	4	₱	**525,000,000**	₱	480,661,410
Current portion of long-term loans payable	4		**180,254,290**		178,041,646
Accounts payable and other current liabilities			**695,234,791**		949,317,369
Due to related parties	5		**398,034,121**		336,110,311
Income tax payable			**14,189,121**		11,770,509
Total Current Liabilities			**1,812,712,323**		1,955,901,245
Noncurrent Liabilities					
Noncurrent portion of long-term loans payable	4		**1,399,582,064**		1,475,467,413
Retirement benefit obligation			**44,669,759**		44,669,759
Deferred tax liabilities	7		**265,867,769**		251,828,069
Customers' deposits			**26,298,384**		24,357,234
Total Noncurrent Liabilities			**1,736,417,976**		1,796,322,475
Total Liabilities			**3,549,130,299**		3,752,223,720

(Forward)

(Carryforward)

		June 30, 2019 (Unaudited)		December 31, 2018 (Audited)
Equity				
Attributable to Equity Holders of Parent Company				
Capital stock	₱	**281,500,000**	₱	281,500,000
Additional paid-in capital		**1,509,533**		1,509,533
Revaluation reserves on equity investments at FVOCI		**824,940**		824,940
Revaluation surplus on investment property and property, plant and equipment		**246,402,556**		246,402,556
Reserve on actuarial gain		**628,026**		628,026
Retained earnings		**1,258,322,596**		1,222,847,978
Total Equity of Parent Company		**1,789,187,651**		1,753,713,033
Noncontrolling Interests		**672,115,397**		506,444,902
Total Equity		**2,461,303,048**		2,260,157,935
	₱	**6,010,433,347**	₱	6,012,381,655

See accompanying Notes to Consolidated Financial Statements.

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Philippine Pesos)

	Note	Quarter Ended June 30 2019	Quarter Ended June 30 2018	Six Months Ended June 30 2019	Six Months Ended June 30 2018
REVENUES					
Power sales		**₱ 161,765,336**	₱ 117,487,782	**₱ 294,314,529**	₱ 187,729,019
Water services		**70,105,601**	69,025,238	**133,598,516**	130,695,063
Rental		**17,048,160**	18,520,817	**34,124,078**	36,458,738
Technical services		**4,363,795**	9,497,678	**8,347,220**	20,977,879
		253,282,892	214,531,515	**470,384,343**	375,860,699
COSTS OF SALES AND SERVICES		**191,021,540**	135,460,218	**333,112,313**	230,814,482
GROSS INCOME		**62,261,352**	79,071,297	**137,272,030**	145,046,217
OPERATING EXPENSES		**34,053,602**	38,824,731	**72,091,195**	75,619,677
INCOME FROM OPERATIONS		**28,207,750**	40,246,566	**65,180,835**	69,426,540
OTHER INCOME (CHARGES) – Net	6	**15,293,680**	317,950,252	**(14,636,198)**	311,278,443
INCOME BEFORE INCOME TAX		**43,501,430**	358,196,818	**50,544,637**	380,704,983
INCOME TAX EXPENSE					
Current		**14,677,031**	12,754,785	**24,220,824**	21,777,830
Deferred		**14,039,700**	385,777	**14,039,700**	716
	7	**28,716,731**	13,140,562	**38,260,524**	21,778,546
TOTAL COMPREHENSIVE INCOME		**₱ 14,784,699**	₱ 345,056,256	**₱ 12,284,113**	₱ 358,926,437
NET INCOME (LOSS) ATTRIBUTABLE TO:					
Equity holders of the parent company		**30,182,895**	345,854,064	**₱ 35,474,618**	₱ 356,869,107
Noncontrolling interests		**(15,398,196)**	(797,808)	**(23,190,505)**	2,057,330
		₱ 14,784,699	₱ 345,056,256	**₱ 12,284,113**	₱ 358,926,437
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Equity holders of the parent company		**₱ 30,182,895**	₱ 345,854,064	**₱ 35,474,618**	₱ 356,869,107
Noncontrolling interests		**(15,398,196)**	(797,808)	**(23,190,505)**	2,057,330
		₱ 14,784,699	₱ 345,056,256	**₱ 12,284,113**	₱ 358,926,437
EARNINGS PER SHARE	8	**₱ 0.1072**	₱ **1.2286**	**₱ 0.1260**	₱ 1.2677

See accompanying Notes to Consolidated Financial Statements.

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018

(Amounts in Philippine Pesos)

	2019	2018
ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY		
CAPITAL STOCK – ₱1 par value		
Authorized – 1,000,000,000 shares		
Subscribed and fully paid		
– 281,500,000 shares	**₱ 281,500,000**	₱ 281,500,000
ADDITIONAL PAID-IN CAPITAL	**1,509,533**	812,108
REVALUATION RESERVES ON EQUITY INVESTMENTS AT FVOCI		
Balance at beginning of year	**824,940**	885,393
Change in ownership interest	**–**	(347,336)
Balance at end of period	**824,940**	538,057
REVALUATION SURPLUS ON INVESTMENT PROPERTY AND PROPERTY, PLANT AND EQUIPMENT - Net		
Balance at beginning of year	**246,402,556**	224,603,631
Change in ownership interest	**–**	(14,023,583)
Balance at end of period	**246,402,556**	210,580,048
RESERVE ON ACTUARIAL GAIN (LOSS)		
Balance at beginning of year	**628,026**	(5,416,277)
Change in ownership interest	**–**	(333,710)
Balance at end of period	**628,026**	(5,749,987)
RETAINED EARNINGS		
UNAPPROPRIATED		
Balance at beginning of year	**1,036,985,228**	1,089,942,535
Net income during the period	**35,474,618**	356,869,107
Change in ownership interest	**–**	(37,459,161)
Balance at end of period	**1,072,459,846**	1,409,352,481
APPROPRIATED		
Balance at beginning of year and end of period	**185,862,750**	–
Total Retained Earnings	**1,258,322,596**	1,409,352,481
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY	**1,789,187,651**	1,897,032,707
NONCONTROLLING INTERESTS		
Balance at beginning of year	**506,444,902**	558,270,371
Increase during the period	**188,861,000**	102,746,422
Share in total comprehensive income (loss)	**(23,190,505)**	2,057,330
Change in ownership interest	**–**	(325,936,540)
Balance at end of period	**672,115,397**	337,137,583
	₱ 2,461,303,048	₱ 2,234,170,290

See accompanying Notes to Consolidated Financial Statements.

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(Amounts in Philippine Pesos)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱ **50,544,637**	₱ 380,704,983
Adjustments for:		
Depreciation and amortization	**68,723,334**	20,541,535
Finance charges	**60,553,510**	14,694,654
Increase in fair value of investment property	**(46,799,000)**	–
Interest income	**513,799**	(471,536)
Net unrealized foreign exchange gain	**2,528**	(10,891)
Operating income before working capital changes	**133,538,808**	415,458,745
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	**(13,464,348)**	(32,700,270)
Inventories	**4,815,794**	(2,746,335)
Curren assets held for sale	**–**	21,574,178
Other current assets	**2,419,055**	(2,144,530)
Increase (decrease) in:		
Accounts payable and other current liabilities	**(254,082,578)**	38,379,352
Customers' deposits	**1,941,150**	197,434
Curren liabilities held for sale	**–**	(206,103)
Cash generated from (used in) operations	**(124,832,119)**	437,812,471
Income tax paid	**(21,802,212)**	(26,094,735)
Interest paid	**(60,553,510)**	(14,694,654)
Interest received	**(513,799)**	471,536
Net cash provided by (used in) operating activities	**(207,701,640)**	397,494,618
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property, plant and equipment	**(86,601,425)**	(215,747,763)
Investment property	**–**	(1,375,808)
Decrease (increase) in:		
Due from related parties	**(11,151,967)**	(195,808,870)
Other noncurrent assets	**–**	26,855,321
Net cash used in investing activities	**(97,753,392)**	(386,077,120)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan availments	**68,045,978**	399,671,444
Payments of loan	**(97,380,093)**	(47,265,223)
Increase (decrease) in:		
Due to related parties	**61,923,810**	37,651,337
Noncontrolling interests	**188,861,000**	(275,353,908)
Net cash provided by financing activities	**221,450,695**	114,703,650
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(2,528)**	10,891
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(84,006,865)**	126,132,039
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**254,358,860**	236,956,409
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱ **170,351,995**	₱ 363,088,448

(Forward)

(Carryforward)

		2019		2018
CASH AND CASH EQUIVALENTS AT END OF PERIOD CONSISTS OF:				
Cash in bank	**₱**	**158,758,074**	₱	341,477,597
Placements		**11,378,920**		21,253,716
Cash on hand		**215,001**		357,135
	₱	**170,351,995**	₱	363,088,448

See accompanying Notes to Consolidated Financial Statements.

1. Basis of Preparation of the Financial Statements

The accompanying consolidated financial statements have been prepared on the historical cost basis except for available-for-sale investments, investment property and certain property and equipment which are stated at fair market value and appraised values, respectively. These consolidated financial statements are presented in Philippine pesos, which is the Group's functional and presentation currency under Philippine Financial Reporting Standards (PFRS). All values are rounded to the nearest peso, except when otherwise indicated.

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year. The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements.

Basis of Consolidation

The consolidated financial statements include the accounts of Jolliville Holdings Corporation (the Parent Company) and the following subsidiaries held directly or indirectly through wholly and majority-owned subsidiaries.

Subsidiaries		Percentage of Ownership
Ormina Realty and Development Corporation (ORDC)		**100.00**
Jolliville Group Management, Inc. (JGMI)		**100.00**
Servwell BPO International Inc. (Servwell)		**100.00**
Granville Ventures Inc. (GVI)		**100.00**
Jollideal Marketing Corporation (JMC)		**100.00**
Jolliville Leisure and Resort Corporation (JLRC) and Subsidiaries		**100.00**
Buyayao Island Resort Corporation (Buyayao Island)*	**50.99**	
Sapulville Enterprises Corp.*	**75.00**	
Sapul Ventures Corp.*	**75.00**	
Ormin Holdings Corporation (OHC) and Subsidiaries:		**100.00**
OTY Development Corp. (ODC)		**100.00**
Melan Properties Corp. (MPC)		**100.00**
KGT Ventures, Inc. (KVI)		**100.00**
Ibayo Island Resort Corp. (IIRC)		**100.00**
NGTO Resources Corp. (NRC)		**100.00**
Philippine Hydro Electric Ventures, Inc. (PHEVI)		**100.00**
Ormin Power, Inc. (OPI)	**59.97**	
Tubig Pilipinas Corp.** (TPC)*		**100.00**
Direct ownership of the Parent Company	**88.50**	
Parent Company's ownership through OHC Subsidiaries	**11.50**	**100.00**
Calapan Waterworks Corporation (CWWC)		**99.75**
Nation Water Corporation (NWC)*		
Parent Company's ownership through TPC	**34.99**	
Parent Company's ownership through TPC	**39.89**	**74.88**
Tubig Bohol Corporation* (TBC)***		**49.87**
Greater Rosario Water, Inc. (GRWI)*		**99.75**

**preoperating stage*

***formerly Tabuk Water Corp.*

**** Although the Parent Company's equity interest in TBC is less than 50%, TBC is considered as a subsidiary because the Parent Company's voting power over TBC is sufficient to provide the practical ability to direct and control.*

Subsidiaries are consolidated from the date on which control is transferred to the Parent Company and cease to be consolidated from the date on which control is transferred out of the Parent Company. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. All significant intercompany accounts, transactions, and income and expenses and losses are eliminated upon consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies.

Noncontrolling interests share in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Noncontrolling interests consist of the amount of those interests at the date of the original business combination and the noncontrolling interest's share of changes in equity since the date of the combination. Losses applicable to the noncontrolling interests in excess of the noncontrolling interests share in the subsidiary's equity are allocated against the interest of the Group except to the extent that the noncontrolling interests has a binding obligation and is able to make an additional investment to cover losses.

2. Changes in Accounting and Financial Reporting Policies

The accounting policies adopted by the Group are consistent with those of the previous financial years, except for the following amended and improved PFRS and PAS which became effective in 2019. The standards that have been adopted did not have a significant impact in the Group's financial statements, unless otherwise indicated:

Adopted but Did Not Have Significant Impact on the Financial Statements

- PFRS 9, *"Financial Instruments: Classification and Measurement"*
  This standard replaces PAS 39, Financial Instruments: Recognition and Measurement, and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements and new hedge accounting. PFRS 9 includes revised guidance on the classification and measurement of financial assets that reflects the business model in which assets are managed and their cash flow characteristics, including a new forward-looking expected credit loss for calculating impairment, and guidance on own credit risk on financial liabilities measured at fair value. PFRS 9 incorporates new hedge accounting requirements and represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

  As a result of changes in the Company's accounting policies from the adoption of PFRS 9, prior year financial statements had to be restated. However, as permitted under PFRS 9, the Company adopted the said standard without restating comparative information. Hence, adjustments, if any, are recognized in the opening statement of financial position as at January 1, 2018 only. The Company has determined that the application of requirements under PFRS 9 as at January 1, 2018 did not result in an additional allowance for impairment.

- PFRS 15, "*Revenue from Contracts with Customers*"
  This new standard introduces a new and more comprehensive revenue recognition model for contracts with customers which specifies that revenue should be recognized when the Group transfers control of goods and services to a customer at the amount to which the Group expects to be entitled.

  PFRS 15 requires a contract with a customer to be legally enforceable and to meet certain criteria to be within the scope of the standard and for the general model to apply. It introduces detailed guidance on identifying performance obligations which requires entities to determine whether promised goods or services are distinct. It also introduces detailed guidance on determining transaction price, including guidance on variable consideration and consideration payable to customers. The transaction will then be generally allocated to each performance obligation in proportion to its stand-alone selling price.

  Depending on whether certain criteria are met, revenue is recognized over time, in manner that best reflects the Group's performance, or at a point in time, when the control of the goods and services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRS. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of other PFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

  Due to transition method (cumulative effect method) chosen in applying PFRS 15, comparative information has not been restated to reflect the new requirements.

Not applicable

- PFRS 2, "*Share-based Payment*, *Classification and Measurement of Share-based Payment Transactions"*
- PFRS 4, "*Insurance Contracts"*, *Applying PFRS 9, Financial Instruments, with PFRS 4*
- PAS 40, "*Investment Property*, *Transfers of Investment Property"*
- PAS 28, "*Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs* 2014 - 2016 Cycle)"
- Philippine Interpretation IFRIC-22, "*Foreign Currency Transactions and Advance Consideration"*

New Accounting Standards, Amendments to Existing Standards, Annual Improvements and Interpretations Effective Subsequent to December 31, 2018:

The standards, amendments, annual improvements and interpretations which have been issued but are not yet effective are discussed below. The Group will adopt these standards, amendments and annual improvements and interpretations when these become effective and applicable to the Group. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards, annual improvements and interpretations to have a significant impact on its financial statements.

Effective in 2019

- PFRS 16, *"Leases"*
- Philippine Interpretation IFRIC 23, *"Uncertainty over Income Tax Treatments"* – effective beginning on or after January 1, 2018

Standards adopted by the Philippines Financial Reporting Standards Council (FRSC) but not yet approved by the Board of Accountancy (BOA)

- Amendments to PAS 19, "*Plan Amendment, Curtailment or Settlement"*
- Amendments to PFRS 3 and PFRS 11, "*Clarifying Measurement of Previously Held Interest in Obtaining Control Over a Joint Operation"*
- Amendments to PAS 12, "*Income Tax Consequences of Payments on Financial Instruments Classified as Equity"*
- Amendments to PAS 23, "*Borrowing Costs Eligible for Capitalization"*
- Philippine Interpretations IFRIC 23, "*Uncertainty over Income Tax Treatments"*
- Amendments to PFRS 3, "*Definition of a Business"*
- Amendments to PAS 1 and PAS 8, "*Definition of Material"*
- PFRS 17, "*Insurance Contracts"*

Deferred

- Philippine Interpretation IFRIC 15, *"Agreements for the Construction of Real Estate"*
- PFRS 10 and PAS 28*, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"*

The Group will continue to assess the relevance and impact of the above standards, amendments to standards and interpretations. The revised disclosures on the financial statements required by the above standards and interpretations will be included in the Group's financial statements when these are adopted.

The principal accounting policies applied in the preparation of the Group's consolidated financial statements are set out below:

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statements of financial position based on current or noncurrent classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period;
- expected to be settled on demand; or
- cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period;
- it is expected to be settled on demand; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

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

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

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

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

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Accounting Policies for Financial Instruments Upon Adoption of PFRS 9 – Policies Applied from January 1, 2018

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.

The Group recognizes financial assets or financial liabilities in the statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Financial Assets
The Company classifies its financial assets in the following measurement categories:

- Financial assets measured at amortized cost;
- Financial assets measured at fair value through other comprehensive income (FVOCI) where:
  - -gains and losses previously recognized are reclassified to profit and loss; and
  - -gains and losses previously recognized are not reclassified to profit and loss;
- Financial assets measured at fair value through profit or loss (FVPL).

Financial assets measured at amortized cost
The amortized cost of a financial asset is the present value of future cash receipts (payments) discounted at the effective interest rate. The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

The Group classifies its financial assets as at amortized cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

This category includes cash and cash equivalents, receivables (excluding advances to suppliers and advances to employees for liquidation), due from related parties, and reserve fund, special bank deposit and utilities and other deposits which are held by the Group with the objective to collect the contractual cash flows.

Financial assets at FVOCI
The Group classifies the following financial assets at FVOCI:

- Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognize in this category. These are strategic investments and the Group considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest on the principal amount outstanding and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

This category includes equity investment at FVOCI.

Financial assets at FVPL
The Group classifies the following financial assets at FVPL:

- Debt investments that do not qualify for measurement at either amortized cost or FVOCI;
- Equity investments that are held for trading; and
- Equity investments for which the entity has not elected to recognize fair value gains and losses through other comprehensive income (OCI).

The Group does not have financial assets at FVPL.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment FVOCI.

The Group reclassifies debt investments when and only when its business model for managing such assets changes.

Measurement
Initial measurement
At initial recognition, the Group measures a financial asset at its fair value plus or minus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement
<u>Debt instruments</u>
There are three measurement categories into which the Group classifies its debt instruments:

- *Amortized cost:* Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statements of profit or loss.

  Short-term receivables with no stated interest rate are measured at their invoice amounts or expected amounts of settlement without discounting, when the effect of not discounting is immaterial.

- *FVOCI:* Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains (losses) and impairment expenses are presented as separate line item in the statements of profit or loss.

- *FVPL:* Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains (losses) in the period in which it arises.

  The Group has no debt instruments measured at fair value as at June 30, 2019 and December 31, 2018.

<u>Equity instruments</u>
The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

The Group has equity instruments measured at FVOCI as at June 30, 2019 and December 31, 2018.

Impairment of Financial Assets
PFRS 9 establishes a new model, 'expected credit loss' (ECL) model, for recognition and measurement of impairments in loans and receivables that are measured at amortized cost, contract assets and debt instruments at FVOCI, but not to investments in equity instruments.

PFRS 9 provides that in measuring ECL the Company must reflect:

- An unbiased evaluation of a range of possible outcomes and their probabilities of occurrence.
- Discounting for the time value of money.
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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 (a 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 (a lifetime ECL).

For cash and cash equivalents, due from related parties, special bank deposit, reserve fund and utilities and other deposits, the Group applies the general approach in calculating ECLs. The Group recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its financial assets since initial recognition. The cash and cash equivalents and other deposits are deposited in the top banks of the Philippines and highly credible lessors and service providers, respectively. Also, the management has reasonable grounds to believe that the due from related parties and cash dividend receivable are collectible, if demanded. Moreover, should this not be the case, the Board of Directors (BOD) expect these related parties to have the support of their major stockholders to meet their obligations.

For receivables, the Group applies the simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group 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.

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group has determined that the application of impairment requirements of PFRS 9 at January 1, 2018 and December 31, 2018 did not result into any additional impairment losses in the Company's cash and cash equivalents, due from related parties, special bank deposit, reserve fund and utilities and other deposits which are measured at amortized cost.

Financial Liabilities
The Group classifies its financial liabilities in the following measurement categories:

- Financial liabilities measured at amortized cost;
- Financial liabilities measured at FVPL;

Measurement
Financial liabilities at amortized cost are recognized initially at fair value and are subsequently measured at amortized cost using effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gains or losses on derecognition is also recognized in profit or loss. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

This category includes loans payable, accounts payable and other current liabilities, due to related parties and customers' deposits.

Cash and Cash Equivalents
Cash which includes cash on hand and in banks are stated at face value. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and that are subject to an insignificant risk of change in value.

Special Bank Deposit and Reserve Fund
Certain bank deposits are restricted for withdrawal by the creditor bank as hold-out fund for the Group's loan availments. These are classified as noncurrent assets.

Inventories
Inventories are stated at the lower of cost and net realizable value (NRV). Cost is determined using weighted average method. NRV is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

Other Current Assets
This account comprises the following:

- *Input tax* is recognized when an entity in the Group purchases goods or services from a Value Added Tax (VAT)-registered supplier. This account is offset, on a per entity basis, against any output tax previously recognized.
- *Prepayments* are apportioned over the period covered by the payment and charged to the appropriate account in the consolidated statements of comprehensive income when incurred. These are expected to be realized for no more than 12 months after the reporting period and are classified as current assets. Otherwise, these are classified as other noncurrent assets.
- *Creditable withholding tax* is deducted from income tax payable in the same year the revenue is recognized.

Investments in Associates
An associate is an entity in which the Group's ownership interest ranges between 20% and 50% or where it has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not in control or joint control over those policies.

The Group carries its investment in an associate at cost, increased or decreased by the Group's equity in net earnings or losses of the investee Group since date of acquisition and reduced by dividends received. Equity in net losses is recognized only up to the extent of acquisition costs.

Investment Property
Investment property represents property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is accounted for under the fair value model. Generally, it is revalued on a regular basis and is included in the Group's consolidated statements of financial position at its fair value. Fair value is supported by market evidence and is determined by independent appraisers with sufficient experience with respect to both the location and the nature of the investment property.

Investment property, which consists mainly of land, buildings and condominium units, is initially measured at acquisition cost, including transaction costs.

Any gain or loss resulting from either a change in the fair value or the sale or retirement of an investment property is immediately recognized in profit or loss as fair value adjustment on investment property under other income(charges) in the Group's consolidated statements of comprehensive income. In case of fair value loss and there is a carrying revaluation surplus balance as a result of transfer from property, plant and equipment carried at appraised value, the loss shall be applied first to the balance of revaluation surplus before recognizing the remaining loss to profit or loss.

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal.

A Group-occupied property classified under property and equipment account becomes an investment property when it ends Group-occupation.

Property, Plant and Equipment

Land and building improvements, and power plant facilities and equipment are carried at appraised values as determined by an independent firm of appraisers on various dates in November 2017. The appraisal increment resulting from the revaluation was credited to "Revaluation Surplus" shown under Equity section in the consolidated statements of financial position. Other property, plant and equipment are carried at cost less accumulated depreciation, amortization and any allowance for impairment in value.

Initial cost of property, plant and equipment comprises its construction cost or purchase price and any directly attributable cost of bringing the assets to its working condition and location for its intended use. Expenses incurred and paid after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income when the costs are incurred. In situation where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Depreciation and amortization is computed using the straight-line method over the following estimated useful lives except for leasehold improvements which are amortized over the estimated useful life of the assets or term of the lease, whichever is shorter.

	Years
Land and leasehold improvements	20
Buildings, condominium units and improvements	10 - 25
Furniture, furnishings and equipment for lease	10
Water utilities and distribution system	5 - 40
Power plant facilities and equipment	3 – 30
Office furniture, fixtures and equipment	5
Transportation equipment	8

The residual values, useful life and depreciation and amortization method are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Construction in progress, included in the property, plant and equipment, is stated at cost. This includes cost of construction, equipment and other direct costs. Construction in progress and equipment for installation is not depreciated until such time as the relevant assets are completed or installed and put into operational use.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts, and any gain or loss resulting from their disposal is credited or charged to current operations.

Borrowing Costs

Borrowing costs are generally expensed as incurred. Borrowing costs incurred during the construction period on loans and advances used to finance construction and property development are capitalized as part of construction and development costs included under "Property, Plant and Equipment" account in the consolidated statements of financial position.

Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Capitalized borrowing cost is based on applicable weighted average borrowing rate.

All other borrowing costs are charged to operation in the period in which they are incurred.

Impairment of Nonfinancial Assets

The carrying values of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of 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 cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the smallest cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statement of comprehensive income in the period in which it arises unless the asset is carried at a revalued amount in which case the impairment is charged to the revaluation increment of the said asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any depreciation and amortization) had no impairment loss been recognized for the asset in prior years.

A reversal of an impairment loss is credited to current operations.

Loans Payables

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds, net of transaction costs, and the settlement amount is recognized over the term of the loan in accordance with the Group's accounting policy for borrowing costs.

Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired, as well as through the amortization process.

Employee benefits

Short-term benefits

Short-term employee benefits are recognized as expense in the period when the economic benefits are given. Unpaid benefits at the end of the accounting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments. Short-term benefits given by the Group to its employees include salaries and wage, social security contributions, short-term compensated absences, bonuses and non-monetary benefits.

Retirement benefit obligation

Retirement benefit obligation, as presented in the consolidated statement of financial position, is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for the effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method. The retirement benefit costs comprise of the service cost, net interest on the net defined benefit liability or asset and remeasurements of net defined benefit liability or asset.

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 regularly by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset 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 or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in 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 other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Deposit for Future Stock Subscription

Deposit for future stock subscription which are received in view of call for future subscriptions are stated at actual amount of cash received. Deposit for future stock subscription is recorded at historical cost. This is classified as equity when all of the following criteria are met:

a. the unissued authorized capital stock of the Company is insufficient to cover the amount of shares indicated in the contract;
b. there is BODs' approval on the proposed increase in authorized share capital (for which a deposit was received by the Company);
c. there is stockholders' approval of said proposed increase; and
d. the application for the approval of the proposed increase has been presented for filing or has been filed with the Commission.

Deposits for future stock subscription is classified as a liability when the above criteria are not met.

Related Party Transactions and Relationships

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

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

Foreign Currency Transactions and Translations

Transactions denominated in foreign currencies are recorded in Philippine pesos using the exchange rate at the date of the transactions. Outstanding monetary assets and liabilities denominated in foreign currencies are stated using the closing exchange rate at the end of financial reporting period. Gains or losses arising from foreign currency transactions are credited or charged directly to current operations.

Equity

- *Capital stock* is determined using the nominal value of shares that have been issued.
- *Additional paid-in capital* includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related taxes.
- *Revaluation reserves on equity investment at FVOCI* accounts are the excess (deficiency) of the fair market value over the carrying amounts of these investments. When fluctuation is deemed permanent, the gain or loss resulting from such fluctuation will be reversed and charged to profit or loss in the year that the permanent fluctuation is determined.
- *Revaluation surplus* accounts for the excess of the fair market value over the carrying amounts of "Land and improvements" and "Power plant" included under the Property, plant and equipment account and certain investment property. Any appraisal decrease is first offset against appraisal increment on earlier revaluation with respect to the same property and is thereafter charged to operations.
- *Reserve for actuarial loss* comprises the net actuarial gains and losses on the Group's retirement obligation as a result of re-measurement.
- *Retained earnings* include all current and prior period net income less any dividends declared as disclosed in the consolidated statements of comprehensive income.

Leases

Leases are classified as finance leases whenever the term of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting period so as to reflect a constant periodic rate of return on the Group's net investment in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the lease asset and recognized on a straight-line basis over the term of the lease.

The Group as lessee
Assets held under finance lease are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rental is recognized as expense in the periods in which it is incurred.

Rental expense under operating leases is charged to profit or loss on a straight-line basis over the term of the lease.

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

<u>Revenue Recognition</u>
The Group recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group applies the following five steps:

1. Identify the contract(s) with a customer.

2. Identify the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct.

3. Determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. If the consideration promised in a contract includes a variable amount, an entity must estimate the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer.

4. Allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract.

5. Recognize revenue when a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For a performance obligation satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognized as the performance obligation is satisfied.

- *Power sales and water services* are recognized when the related services are delivered.
- *Rental income* is recognized on a straight-line basis in accordance with the substance of the lease agreement.
- *Technical services* comprise the value of all services provided and are recognized when rendered.
- *Sale of goods* is recognized upon delivery of goods sold, and the transfer of risks and rewards to the customer has been completed.
- *Interest income* is recognized on a time proportion basis that reflects the effective yield on the asset.
- *Other income* is recognized when the related income/service is earned.

Cost and Expenses Recognition

Cost and expenses are recognized in the consolidated statements of comprehensive income when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Income Taxes

Income taxes represent the sum of current year tax and deferred tax.

Current Income Tax

The current year tax is based on taxable income for the year. Taxable income differs from income as reported in the consolidated statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted at the end of financial reporting period.

Deferred Income Tax

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the end of financial reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes and carryforward benefits of net operating loss carryover (NOLCO) and minimum corporate income tax (MCIT). Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets and liabilities are measured using the tax rate that is expected to apply to the period when the asset is realized or the liability is settled.

The carrying amount of deferred tax assets is reviewed at end of each financial reporting period and reduced to the extent that it is not probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Income tax relating to items recognized directly in equity is recognized in equity and other comprehensive income.

Segment Information

For management purposes, the Group is organized into five (5) major operating businesses which comprise the bases on which the Group reports its primary segment information. The Group has no geographical segments as all of the companies primarily operate only in the Philippines.

Segment revenue, expenses and performance include transfers between business segments. The transfers are accounted for at competitive market prices charged to unaffiliated customers for similar products and services. The measurement policies the Group used for segment reporting are the same as those used in the consolidated financial statements. There have been no changes from prior periods in the measurement methods used to determine profit and loss. No asymmetrical allocations have been applied between segments.

Inter-segment assets, liabilities, revenue, expenses and results are eliminated in the consolidated financial statements.

Earnings per Share (EPS)

EPS is determined by dividing net income for the year by the weighted average number of shares outstanding during the year including fully paid but unissued shares as of the end of the year, adjusted for any subsequent stock dividends declared. Diluted earnings per share is computed by dividing net income for the year by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed conversion of potential common shares. The Group has no existing dilutive shares.

Provisions

Provisions are recognized only when the following conditions are met: a) there exists a present obligation (legal or constructive) as a result of past event; b) it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and, c) reliable estimate can be made of the amount of the obligation. Provisions are reviewed at end of each financial reporting period and adjusted to reflect the current best estimate.

Contingencies

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

Events after the End of Financial Reporting Period

Post year-end events that provide additional information about the Group's position at the end of financial reporting period (adjusting events) are reflected in the Group's consolidated financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

3. Management's Use of Judgments and Estimates

The preparation of the Group's consolidated financial statements in accordance with PFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates. The effect of any changes in estimates will be recorded in the Group's consolidated financial statements when determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

- *Classification of Financial Instruments and Measurement Criteria*
  Under PFRS 9, the Group classifies financial assets at initial recognition depends on the financial assets contractual cash flows characteristics of the Group's business model for managing them. The adoption of PFRS 9, has not had a significant effect on the Group's policy related to financial liabilities.

  Prior to the adoption of PFRS 9, the Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

  The Group determines the classification at initial recognition and reevaluates this designation at every reporting date.

- *Determination of Control*
  The Group determines control when it is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the equity. The Group controls an entity if and only if the Group has all of the following:
  - Power over the entity;
  - Exposure, or rights, to variable returns from its involvement with the entity; and,
  - The ability to use its power over the entity to affect the amount of the Group's returns.

  The Group regularly reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

- *Classification of Leases*
  The Group has entered into various lease agreements as either a lessor or a lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Currently, all of the Group's lease agreements are determined to be operating leases.

- *Determination of Impairment of Equity Investment at FVOCI*
  The Group follows the guidance of PAS 39 in determining when an investment is other-than-temporarily impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of the near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

- *Determination of Fair Value of Financial Instruments*
  PFRS requires that certain financial assets and liabilities be carried at fair value, which requires the use of extensive accounting estimates and judgments. While significant components of fair value measurement are determined using verifiable objective evidence (i.e. interest rates, volatility rates), the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair value of these financial assets and liabilities would directly affect income and equity.

- *Measurement of Security Deposits*
  The future cash flows of security deposits from the leases cannot be readily determined nor reliably measured because the actual timing of payment cannot be reasonably predicted as these deposits are generally redeposited every renewal of lease contracts, the new terms and conditions thereof are not yet known. Further, the deposit that will actually be repaid to the Group is also attached to a conditional repayment provision that is the faithful performance by the Group as a lessee of its obligations under the lease contracts. Accordingly, security deposits are carried at cost less any impairment.

- *Distinction between Investment Property and Owner-Occupied Property*
  The Group determines whether a property qualifies as an investment property. In making its judgments, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also other assets used in the supply process.

  Some properties are held to earn rentals or for capital appreciation and other properties are held for use in rendering of services or for administrative purposes. If the portion cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods and services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Estimates

The preparation of financial statements in accordance with PFRS requires management to make estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities.

- *Impairment of Receivables*

  The Group uses the expected credit losses model in estimating the level of the allowances which includes forecast of future events and conditions. A credit loss is the difference between the cash flows that are expected to be received discounted at the original effective interest rate. The model represents a probability – weighted estimate of the difference over the remaining life of receivables. The maturity of the remaining trade receivables of the Group is less than one year so the lifetime expected credit losses and the 12 months expected credit losses are similar. In addition, management assessed the credit risk of the trade receivables as at the reporting date as low, therefore the Group's trade receivables and due from related parties did not have to assess whether significant increase in credit risk has occurred.

  Prior to adoption of PFRS 9, the Group provides an allowance for impairment losses on due from related parties at a level considered adequate for potential uncollectible amounts or are doubtful of collection. The level of allowance is evaluated by the management based on best available facts and circumstances, the length of the Group's relationship with its customers and debtors, the customers or debtors' payment behavior and known market factors. These specific reserves are re-evaluated and adjusted as additional information received affects the amount estimated to be uncollectible. Any increase in allowance would increase operating expenses and decrease related accounts.

- *Net Realizable Value (NRV) of Inventories*

  The Group's estimate of the NRV of inventories is based on evidence available at the time the estimates are made of the amount that these inventories are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at financial reporting date. The amount and timing of recorded expenses for any period would differ if different judgments were made of different estimates were utilized.

- *Allowance for Inventory Obsolescence*

  Provision is established as a certain percentage based on the age and movement of stocks. In case there is write-off or disposal of slow-moving items during the year, a reduction in the allowance for obsolescence if any, is made.

- *Fair Value Measurement of Investment Property*

  The Group's investment property composed of parcels of land and buildings and improvements that are carried at revalued amount at the end of the reporting period. In determining the fair value of these assets, the Group engages the services of professional and independent appraisers. The fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and seller in an arm's length transaction as at the valuation date. Such amount is influenced by different factors including the location and specific characteristics of the property (e.g., size, features, and capacity), quantity of comparable properties available in the market, and economic condition and behavior of the buying parties. A significant change in these elements may affect prices and the value of the assets.

- *Useful Lives of Property, Plant and Equipment*
  Useful lives of property, plant and equipment are estimated based on the period over which these assets are expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and 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 asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. Any reduction in the estimated useful lives of property, plant and equipment would increase the Group's recorded cost of services and operating expenses and decrease on the related asset accounts.

  There were no significant changes in the estimated useful lives of the Group's property, plant and equipment during the year.

- *Determination of Pension and Other Retirement Benefits*
  The determination of the Group's obligation and cost for pension and other retirement benefits is dependent on management's selection of certain assumptions used by actuaries in calculating such amounts.

  Actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the Group's recognized expense and recorded obligation in such future periods. While management believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in management assumptions may materially affect the Group's pension and other retirement obligations.

  The Group also estimates other employee benefits obligation and expense, including the cost of paid leaves based on historical leave availments of employees, subject to the Group's policy. These estimates may vary depending on the future changes in salaries and actual experiences during the year.

- *Impairment of Nonfinancial Assets*
  The carrying values of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of net selling price or value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's-length transaction less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is charged to operations in the period in which it arises unless the asset is carried at a revalued amount in which case the impairment is charged to the revaluation increment of the said asset.

An assessment is made at each end of financial reporting period to determine whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any depreciation), had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

- *Impairment of Goodwill*
  Purchase accounting requires extensive use of accounting estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities at the acquisition date. It also requires the acquirer to recognize goodwill. The Group's business acquisitions have resulted in goodwill which is subject to a periodic impairment test. The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate to calculate the present value of those cash flows.

- *Realizability of Deferred Tax Assets and Deferred Tax Liabilities*
  Significant judgment is required in determining provision for income taxes. There are many transactions and calculations 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.

- *Fair Value of Financial Assets and Liabilities*
  PFRS requires that certain financial assets and liabilities be carried at fair value, which requires the use of extensive accounting estimates and judgments. While significant components of fair value measurement are determined using verifiable objective evidence (i.e. interest rates, volatility rates), the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair value of these financial assets and liabilities would directly affect income and equity.

- *Provisions for Contingencies*
  The estimate of the probable costs for possible third party claims, including tax liabilities, if any, has been developed based on management's analysis of potential results. When management believes that the eventual liabilities under these claims, if any, will not have a material effect on the consolidated financial statements, no provision for probable losses is recognized in the consolidated financial statements.

4. **Loans Payable**

Details of loans availed from local banks are as follow:

Short-term loans

a. In 2019 and 2018, OPI availed short-term loans from various local banks. Total loan proceeds amounted to ₱18.0 million in 2018 and ₱70.5 million in 2018. Interest rates on loans range from 2.9% to 6.5% per annum. The loans are payable within 1 month to 6 months from the date of availment. Outstanding balance of the loan amounted to ₱465.0 million and ₱430.50 million as of June 30, 2019 and December 31, 2018, respectively.

b. In 2019 and 2018, CWWC availed short-term loans from a local bank amounting to ₱40.0 million in 2019 and ₱25.0 million in 2018. The loans are payable in 90 days which are renewable. Interest rates on loan range from 3.1% to 5.8% per annum. Outstanding balance of the loan amounted to ₱60.0 million and ₱50.0 million as of June 30, 2019 and December 31, 2018, respectively.

Long-term loans

a. On April 8, 2011, OPI entered into a loan agreement with a local bank for the establishment of Calapan Diesel Power Plant for ₱275.9 million payable in ten (10) years with six months grace period. Interest is fixed at 9.0% per annum but subject to re-pricing. As of June 30, 2019, interest rate is 7.65% per annum. As of June 30, 2019 and December 31, 2018, the total loan amounted to ₱55.70 million and ₱67.81 million, respectively.

   Debt Covenant
   OPI entered into a Deed of Assignment with Hold-Out relative to the loan, in favor of the bank, OPI's trade receivable under the Power Supply Agreement (PSA) entered with Oriental Mindoro Electric Cooperative, Inc. (ORMECO). Also, the loan requires a portion of OPI's cash in bank pertaining to a Reserve Fund equivalent to two (2) months amortization payable under the loan agreement.

   Also, as a security for the loan, OPI mortgaged its 6.4 MW Bunker C-Fired Packaged Power Station in favor of the bank.

   On June 25, 2013, OPI availed a term loan agreement with a local bank for the construction of Inabasan Mini-Hydro Power Plant amounting to ₱1.3 billion. The release of loan proceeds depends on the fulfillment, compliance or submission by OPI of the specific conditions for the following project components: civil works, electro-mechanical works, and contingent works. The total principal and interest loan balance amounted to ₱1.04 billion and ₱94.06 million, respectively as of June 30, 2019.

   On July 15, 2015, OPI availed a term loan agreement with a local bank amounting to ₱90.6 million to finance the costs incurred for OPI's Calapan Diesel Power Plant Expansion. The loan is payable within 10 years with six months grace period with 7.8% interest rate per annum. As of June 30, 2019 and December 31, 2018, the loan amounted to ₱58.0 million and ₱62.76 million, respectively.

In 2017 and 2016, OPI entered into various car loan agreements with a local bank for OPI's BOD and officers' requirements. The cost of the cars was capitalized as part of "Transportation equipment" account. The amount financed by the bank amounted to ₱3.25 million in 2016 payable in monthly installments for 5 years with annual interest rate of 9.35% in 2019 and 2018. As of June 30, 2019 and December 31, 2018, the loan balance amounted to ₱2.07 million and ₱2.5 million, respectively.

b. In December 2005, CWWC entered into loan agreement from a local bank for the rehabilitation, expansion and improvements of its waterworks system for ₱137 million payable in fifteen (15) years. Interest is fixed at 10.5% per annum, reviewable and subject to adjustment annually thereafter but not to exceed 15% per annum. CWWC was able to negotiate the interest rate at 6.25% in 2019 and 2018.

   In 2014, CWWC entered into another loan agreement with local bank for ₱118.25 million. The loan is payable in ten (10) years with annual interest of 6% to 6.5%. The proceeds of the loan will be used exclusively to finance the water source development, acquisition of three (3) sets of electro-mechanical equipment, site and land development, construction of a high ground reservoir and expansion of its waterworks system.

   Debt Covenant
   CWWC executed a Deed of Assignment relative to the loan, in favor of the bank of (a) a portion of CWWC's Reserve Fund (via Savings or Other Investment Account) equivalent to two monthly interest amortization during the grace period, to increase to two monthly principal and interest amortization after the grace period onwards and (b) billed water/receivables until the amount of the loan is fully paid. The Reserve Fund shall be maintained for CWWC's expenses for maintenance, operation and emergency fund.

   Also, the Parent Company, CWWC and major stockholders mortgaged their real estate and other equipment situated in Calapan City, Oriental Mindoro in favor of the bank. The titles of the mortgaged property have already been delivered to the bank.

   As of June 30, 2019 and December 31, 2018, this loan amounted to ₱109.11 million and ₱110.67 million, respectively.

c. On July 20, 2017, JLRC entered into a loan agreement with a local bank for the construction of Jolly Waves Waterpark Resort for ₱246.0 million which is payable in ten (10) years with one (1) year grace period from the initial drawdown. Interest is fixed at 4.0% per annum but subject to re-pricing. As of June 30, 2019 and December 31, 2018, this loan amounted to ₱220.94 million and ₱234.61 million, respectively.

d. In February 2018, Servwell availed auto loan financing from a local bank. Total loan proceeds amounted to ₱0.8 million with interest rate of 7.6% which is payable in twelve (12) monthly installments from the date of availment. As of June 30, 2019, this loan was paid fully paid.

5. Related Party Transactions

The Group has the following transactions with related parties:

a. Unsecured and non-interest bearing cash advances made by stockholders to the Group for working capital purposes which are payable on demand and usually settled in cash.

b. Unsecured and noninterest bearing cash advances from affiliates for working capital purposes which are payable on demand and usually settled in cash.

c. On July 15, 2014, CWWC entered into another construction agreement with an entity under common/shared ownership where the latter agreed to complete the execution and completion of Phase 1 of 2014 Expansion Program. Total contract price of the project amounted to ₱193.1 million. In 2018, the construction project was completed.

Affiliates are entities that are owned and controlled by the Parent Company and neither a subsidiary nor associate of the Group. These affiliates are effectively sister companies of the Group by virtue of ownership of the Parent Company.

6. Other Income (Charges) - net

This account consists of:

	Six months ended June 30	
	2019	2018
Interest expense	**(₱60,553,510)**	(₱14,694,654)
Increase in fair value of investment property	**46,799,000**	–
Bank charges	**(1,200,210)**	(328,486)
Interest income	**513,799**	471,536
Financial host expense	**(245,247)**	(175,952)
Net foreign exchange gain (loss)	**(2,528)**	10,891
Gain on sale of investment in a subsidiary	**–**	324,676,804
Others	**52,498**	1,318,304
	(₱14,636,198)	₱311,278,443

7. Income Taxes

The provision for income tax differs from the amount computed by applying the statutory income tax rate to income before income tax due mainly to interest income already subjected to final tax at a lower rate.

Deferred tax assets consist of tax effect of retirement benefit obligation, net operating loss carry-over, allowance for impairment losses of receivables, rent expense as result of PAS 17 and carryforward benefit of minimum corporate income tax.

Deferred tax liabilities include tax effect of fair value adjustments in investment property and property and equipment, capitalized borrowing costs, rental income as result of PAS 17 and unrealized foreign exchange gain/loss.

8. Earnings Per Share (EPS)

Computation of EPS is as follows:

	Six months ended June 30	
	2019	2018
Net income attributable to equity holders of the parent company	**₱35,474,618**	₱356,869,107
Divided by weighted average number of common shares	**281,500,000**	281,500,000
	₱0.1260	₱1.2677

9. Other Matters

The following are major events affecting the Parent Company and subsidiaries:

Jolliville Holdings Corp. (Parent Company), KGT Ventures, Inc. (KVI), Melan Properties Corp. (MPC), OTY Development Corp. (ODC) and NGTO Resources Corp. (NRC)

- On December 21, 2017, the Parent Company and its subsidiaries and related parties (the "Sellers") executed the Memorandum of Agreement (MOA) with Udenna Development Corp. (UDEVCO) for the sale of 150,824,890 shares representing 62.01% of the issued and outstanding capital stock of H2O, inclusive of the 36.73% held by the Parent Company. As a result of the sale of H2O's shares to UDEVCO, KVI, MPC, ODC, and NRC reclassified its 15,000,000 shares at ₱4.00 per share in H2O's stockholdings from noncurrent to current AFS investments.

  On February 28, 2018, a detailed Sale and Purchase Agreement (SPA) was executed by the Parties pursuant to the MOA. Under the SPA, the Sellers agree to sell and UDEVCO agrees to buy the Sale Shares based on an agreed purchase price, subject to the fulfillment by the Parties of the conditions precedent such as the spin-off of H2O's shares to CWWC which required the approval of at least 2/3 of H2O's outstanding capital stock; and UDEVCO's obligation to obtain from SEC an order of exemptive relief allowing it to launch, implement and consummate a tender offer for all the issued and outstanding capital stock of H2O to persons other than the Sellers. On April 4, 2018, H2O's stockholders approved the CWWC sale to TPC.

Tubig Pilipinas Corp. (TPC)

- On March 2, 2018, SEC approved TPC's change of name from Tabuk Water Corp. to Tubig Pilipinas Corp and increase in its authorized capital stock from ₱10,000,000 divided into 10,000,000 common shares with par value of ₱1.00 per share to ₱500,000,000 divided into 500,000,000 common shares with par value of ₱1.00 per share.

- On February 21, 2018, TPC entered into a purchase agreement with H2O, to purchase all H2O's shares and interests, subject to conditions, in CWWC consisting of 137,045,398 shares representing 99.75% of the issued and outstanding capital stock of CWWC for a consideration of ₱442 million (the CWWC sale). Closing of the purchase and sale transaction of CWWC sale shall take place upon the approval by H2O's stockholders representing at least two-thirds of the outstanding capital stock, and that the sale of the Parent Company along with its subsidiaries and related parties of all their shareholding in H2O representing 62% of the issued and outstanding capital of H2O to a third party will pursue. On April 4, 2018, H2O'sstockholders approved the CWWC sale to TPC.

Ormin Power Inc. (OPI)

- On August 11, 2017, SEC approved OPI's increase in authorized capital stock from ₱466,000,000 divided into 466,000,000 common shares with par value of ₱1.00 per share to ₱766,000,000 divided into 466,000,000 common shares with par value of ₱1.00 per share and 300,000 preferred shares with par value of ₱1,000.00 per share.

- On December 18, 2017, the OPI's BOD approved the amendment of Articles of incorporation (AOI) on the features, rights and privileges that the preferred stocks shall be cumulative, voting and non-participating. These shall be redeemable at the option of Company either entirely or in proportion under the terms and conditions authorized by the BOD. The BOD also may be authorized to vary the dividend rate of preferred shares and other features, right and privileges as may be determined by them.

- On June 20, 2018, OPI's BOD approved the increase of the OPI's ACS from ₱766,000,000 divided into 466,000,000 common shares of the par value of ₱1 each and 300,000 preferred shares of the par value of ₱1,000 per share to ₱1,066,000,000 consisting of 466,000,000 common shares at ₱1 par value per share and 600,000 preferred shares at ₱1,000 par value per share. Out of the net increase in authorized capital stock of ₱300,000,000, ₱75,000,000 worth of shares has been actually subscribed with the par value of ₱1,000 per share and ₱72,000,000 has been paid in cash. SEC approved the amendment of the OPI's AOI on December 28, 2018.

- On October 11, 2018, OPI's BOD approved the declaration of cash dividend amounting to ₱6,124,448 to its preferred stockholders as of September 30, 2018. Also, on the same date, the BOD approved the declaration of preferred stock dividend amounting ₱15,000,000 to common stockholders as of September 30, 2018.

Calapan Waterworks Corporation (CWWC)

- On November 19, 2018, CWWC sold 3,696,000 shares of Metro Agoo Waterworks, Inc. (MAWI) to a domestic corporation for₱3.70 million, or ₱1.00 per share. After sale, CWWC holds 47.52% of the outstanding capital stock of MAWI which resulted to deconsolidation of MAWI as of December 31, 2018.

Jolliville Holdings Coproration

EXHIBIT II

Schedule of Financial Indicators

KEY PERFORMANCE INDICATORS

				June 2019	June 2018
I	**PROFITABILITY**				
	Return on Total Assets	ROA=	NI+ {(interest exp x (1-tax rate)}	54,671,570	369,212,695
			Ave. Total Assets	6,011,407,501	5,742,221,242
	It measures efficiency of the Group in using its assets to generate net income.			0.0091	0.0643
	Return on Equity	ROE=	Net Income	12,284,113	358,926,437
			Ave. Stockholders Equity	2,360,730,492	2,192,384,026
	It is a measure of profitability of stockholders' investments. It shows net income as percentage of shareholder equity.			0.0052	0.1637
	Water Revenue per Subscriber	WRS=	Water Revenue	133,598,516	130,695,063
			Ave. No. of Water Subscribers	20,625	21,699
	Measures how well service and facilities improvements have influence consumer's usage.			6,478	6,023
II	**FINANCIAL LEVERAGE**				
	Debt Ratio	Debt Ratio=	Total Liabilities	3,549,130,299	3,752,081,759
			Total Assets	6,010,433,347	5,986,252,049
	It is a solvency ratio and it measures the portion of the assets of a business which are financed through debt.			0.5905	0.6268
	Debt to Equity Ratio	Debt to Equity=	Total Liabilities	3,549,130,299	3,752,081,759
			Shareholder's Equity	2,461,303,048	2,234,170,290
	It measures the degree to which the assets of the business are financed by the debts and the shareholders' equity of a business.			1.4420	1.6794
III	**MARKET VALUATION**				
	Price to Book Ratio	PB ratio=	Market value/share	6.36	5.50
			Book value/share	6.36	6.74
	Relates the Group's stock to its book value per share.			1.0000	0.8160

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLE
JUNE 30, 2019 AND DECEMBER 31, 2018

	JUNE 30, 2019				
	Current	1-30 days	31-60 days	Over 60 days	Total
Trade	129,629,996	619,242	369,267	33,032,400	163,650,905
Advances and nontrade	1,195,827	101,317	-	31,959,520	33,256,664
	130,825,823	720,559	369,267	64,991,920	196,907,569

	DECEMBER 31, 2018				
	Current	1-30 days	31-60 days	Over 60 days	Total
Trade	109,026,179	445,372	365,155	31,979,697	141,816,403
Advances and nontrade	25,323,684	-	-	16,303,134	41,626,818
	134,349,863	445,372	365,155	48,282,831	183,443,221

JOLLIVILLE HOLDINGS CORPORATION
SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
AS OF JUNE 30, 2019

Retained earnings at beginning of year	₱	**636,359,680**
Less:		
Appropriation for property dividends		**(185,862,750)**
Fair value adjustment of investment property - net of deferred tax		**(146,626,085)**
Gain on assignment of stocks		**(13,808,138)**
Deferred income due to PAS 17 - net of deferred tax		**(20,088)**
Retained earnings as adjusted to available for dividend declaration at beginning of year		**290,042,619**
Add (less):		
Net income during the period		**35,892,453**
Increase in fair value of investment property - net of deferred tax		**(32,759,300)**
Net income actually earned during the period		**3,133,153**
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AT END OF PERIOD	₱	**293,175,772**

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES

SUMMARY OF EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER PHILIPPINE FINANCIAL REPORTING STANDARDS

JUNE 30, 2019

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Annual Improvements (2009-2011 Cycle): Repeated Application of PFRS 1			✓
	Annual Improvements (2009-2011 Cycle): First-time Adoption of PFRS – Borrowing Cost			✓
	Annual Improvements (2011-2013 Cycle): First-time Adoption of PFRS – Meaning of Effective PFRS			✓
	Annual Improvements (2014-2016 Cycle) 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			✓**
	Annual Improvements (2010-2012 Cycle): Definition of Vesting Condition			✓
	Amendments to PFRS2: Classification and Measurement of Share-based Payment Transactions			✓

*These are effective subsequent to December 31, 2018.
**Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 3 (Revised)	Business Combinations			✓**
	Annual Improvements (2010-2012 Cycle): Accounting for Contingent Consideration in a Business Combination			✓
	Annual Improvements (2011-2013 Cycle): Scope Exceptions for joining Arrangements			✓
	Amendments to PFRS 3: Definition of a Business*		✓	
	Amendments to PFRS 3: Clarifying Measurement of Previously Held Interest in Obtaining Control over a Joint Operation*		✓	
PFRS 4	Insurance Contracts			✓
	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	✓		
	Annual Improvements (2012-2014 Cycle): Noncurrent Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal			✓**
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓**
	Amendments to 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	✓		
	Annual Improvements (2012-2014 Cycle): Financial Instruments: Disclosure – Servicing Contracts*			✓**
	Annual Improvements (2012-2014 Cycle): Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*			✓**

*These are effective subsequent to December 31, 2018.
**Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 8	Operating Segments			✓**
	Annual Improvements (2010-2012 Cycle): Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets			✓
PFRS 9	Financial Instruments*	✓		
	Amendments to PFRS 9: Prepayment Features with Negative Compensation*		✓	
PFRS 10	Consolidated Financial Statements	✓		
	Amendments for Investment Entities			✓**
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities - Applying the Consolidation Exception*			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate and Joint Venture*		✓	
PFRS 11	Joint Arrangements			✓**
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations*			✓
	Amendments to PFRS 11: Clarifying Measurement of Previously Held Interest in Obtaining Control Over a Joint Operation*		✓	
PFRS 12	Disclosure of Interests in Other Entities			✓**
	Amendments to PFRS 12: Investment Entities*			✓**
	Amendment to PFRS 10, PFRS 12 and PAS 28: Investment Entities – Applying the Consolidation Exception			✓**
	Annual Improvements to PFRSs (2014-2016 Cycle): Amendments to PFRS 12 – Clarification of the Scope of the Standard*			✓**
PFRS 13	Fair Value Measurement	✓		
	Annual Improvements (2010-2012 Cycle): Short-term Receivables and Payables	✓		
	Annual Improvements (2011-2013 Cycle): Portfolio Exception	✓		✓
PFRS 14	Regulatory Deferral Accounts*			✓**
PFRS 15	Revenue from Contracts with Customers*		✓	
	Amendment to PFRS 15: Clarifications to PFRS 15*		✓	
PFRS 16	Leases*		✓	
PFRS 17	Insurance Contracts*		✓	

*These are effective subsequent to December 31, 2018.
**Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		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	✓		
	Annual Improvements (2009-2011 Cycle): Clarification of the Requirements for Comparative Information	✓		
	Amendment to PAS 1: Presentation of Financial Statements – Disclosure Initiative*			✓**
	Amendment to PAS 1 and PAS 8: Definition of Material*		✓	
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	✓		
	Amendment to PAS 1 and PAS 8: Definition of Material*		✓	
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓**
	Amendment to PAS 12: Recognition of Deferred Tax: Assets for Unrealized Losses*			✓**
	Amendment to PAS 12: Income Tax Consequences of Payments on Financial Instruments Classified as Equity *		✓	
PAS 16	Property, Plant and Equipment	✓		
	Annual Improvements (2009-2011 Cycle): Classification of Servicing Equipment			✓**
	Annual Improvements (2010-2012 Cycle): Revaluation Method – Proportionate Restatement of Accumulated Depreciation			✓**
	Amendment to PAS 16: Property, Plant and Equipment and PAS 38: Intangible Assets – Classification of Acceptable Methods of Depreciation and Amortization*			✓**
	Amendment to PAS 16: Property, Plant and Equipment and PAS 41: Agriculture – Bearer Plants*			✓
PAS 17	Leases	✓		

*These are effective subsequent to December 31, 2018.
**Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19 – Defined Benefit Plans: Employee Contributions			✓**
	Annual Improvements (2012-2014 Cycle): Employee Benefits – Regional Market Issue Regarding Discount Rate*			✓**
	Amendments to PAS 19: Plan Amendment, Curtailment of Settlement*		✓	
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			✓**
	Amendments to PAS 23: Borrowing Costs Eligible for Capitalization*		✓	
PAS 24 (Revised)	Related Party Disclosures	✓		
	Annual Improvements (2010-2012 Cycle): Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓**
PAS 27	Consolidated and Separate Financial Statements	✓		
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments in Investment Entities			✓
	Amendments to PAS 27: Separate Financial Statements – Equity Method in Separate Financial Statements*			✓**
PAS 28	Investments in Associates	✓		
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓**
	Amendment to PFRS 10, PFRS 12 and PAS 28: Investment Entities – Applying the Consolidation Exception			✓**
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associates and Joint Venture		✓	
	Annual Improvements to PFRSs (2014 to 2016 Cycle): Amendments to Pas 28 – Measuring an Associate or Joint Venture at Fair Value*			✓**
	Amendments to PAS 28, Long Term Interests in Associates and Joint Ventures*		✓	

*These are effective subsequent to December 31, 2018.
**Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and 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			✓**
	Annual Improvements (2009-2011 Cycle): Presentation – Tax effect of Distribution to Holders of Equity Instruments			✓**
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓**
	Annual Improvements (2009-2011 Cycle): Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓
	Annual Improvements (2012-2014 Cycle): Interim Financial Reporting – Disclosure of information 'elsewhere in the Interim Financial Report'*****		✓	
PAS 36	Impairment of Assets	✓		
	Amendments arising from Recoverable Amount Disclosures for Non-Financial Asset			✓**
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓**
	Annual Improvements (2010-2012 Cycle): Revaluation Method – Proportionate Restatement of Accumulated Amortization			✓**
	Amendment to PAS 16 and PAS 38: Classification of Acceptable Methods of Depreciation and Amortization*			✓**
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓**
	Amendments to PAS 39: The Fair Value Option			✓**
PAS 40	Investment Property	✓		
	Annual Improvements (2010-2013 Cycle): Clarifying the Interrelationship of PFRS3 and PAS 40 when Classifying Property as Investment Property or Owner-Occupied Property			✓**
	Amendments to PAS 40: Transfers of Investment Property		✓	
PAS 41	Agriculture			✓
	Amendment to PAS 16 and PAS 41: Bearer of Plants			✓

*These are effective subsequent to December 31, 2018.
******Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 8	Scope of PFRS 2			✓**
IFRIC 9	Reassessment of Embedded Derivatives			✓**
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓**
IFRIC 10	Interim Financial Reporting and Impairment			✓**
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓**
IFRIC 12	Service Concession Arrangements			✓**
IFRIC 13	Customer Loyalty Programmes			✓**
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*		✓	
IFRIC 23	Uncertainty over Income Tax Treatments*		✓	
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓

*These are effective subsequent to December 31, 2018.
**Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓**
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			✓**

*These are effective subsequent to December 31, 2018.
******Adopted but no significant impact.

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: **JOLLIVILLE HOLDINGS CORPORATION**

FOR THE REGISTRANT

President: **NANETTE T. ONGCARRANCEJA**

Signature and Title: ______________________

President

Chief Financial Officer: **ORTRUD T. YAO**

Signature and Title: ______________________

Chief Financial Officer

Date: August 13, 2019