C O V E R   S H E E T

SEC Registration Number

						4	2	5	4	3

COMPANY NAME

A S I A B E S T   G R O U P   I N T E R N A T I O N A L
I N C

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

2 2   F L O O R   T H E   P E A K   T O W E R   1 0 7   L P
L E V I S T E   S T.,   S A L C E D O   V I L L A G E
M A K A T I   C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
17Q2 2017	C R M D	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
asiabestgroup@gmail.com	(632) 9289246	N/A

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
425	3rd Monday of May	12/31

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
Atty. Rachelle Guinto-Lambuson	rglambuson@pjscorp.com	(632) 8145810	N/A

CONTACT PERSON'S ADDRESS

10/F 8 Rockwell Hidalgo corner Plaza Drives, Rockwell Center, Makati City

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **June 30, 2017**

2. SEC Identification Number **0000042543** 3. BIR Tax Identification No. **000-196-724**

4. Exact name of issuer as specified in its charter **ASIABEST GROUP INTERNATIONAL INC.**

5. **Republic of the Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC use only)
   Industry Classification Code

7. **22nd Floor, The Peak Tower,**
   107 LP Leviste St., Salcedo Village, Makati City **1227**
   Address of principal office Postal Code

8. **(632) 9289246**
   Issuer's telephone number, including area code

9. **N/A**
   Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Issued and Outstanding
Common stock	**300,000,000**

Amount of debt outstanding as of June 30, 2017: **₱273,300**

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

    Yes [**X**] No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed therein:

    Philippine Stock Exchange, Inc. **17,170,348 Common shares**

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

    Yes [**X**] No [ ]

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

    Yes [**X**] No [ ]

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The Company's consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

This Financial Statements meeting the requirements of SRC Rule 68, is furnished as specified therein.

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

June 30, 2017 and December 31, 2016 and
Three Months Ended June 30, 2017 and 2016

Financial Performance and Results of Operation

	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Current Assets	**₱270,523,455**	₱195,510,036
Total Assets	**270,523,455**	210,510,036
Current Liabilities	**273,300**	37,596,932
Equity	**270,250,155**	172,913,104

	Three Months Ended June 30 (Unaudited)	
	2017	2016
Interest Income	**₱388,112**	₱428,341
Expenses	**3,217,734**	406,149
Net Income (Loss)	**(2,662,949)**	22,192

For the six months ended June 30, 2017 and 2016 net income (loss) amounted to ₱2.66 million and ₱0.022 million, respectively, which resulted to an accumulated deficit of ₱29.75 million and ₱25.79 million for the same periods. As of June 30, 2017 and December 31, 2016, the Company's equity amounted to ₱270.25 million and ₱172.91 million, respectively.

The Company's quasi-reorganization and equity restructuring were approved by the Securities and Exchange Commission (SEC) on May 3, 2011. The capital increase was undertaken using the Fifteen Million Pesos (₱ 15,000,000.00) deposited for future subscriptions by certain investors as partial payment for subscriptions to Forty Five Million (45,000,000) Shares at the price of One Peso (₱1.00) per share. After approval of the capital increase, the Company's issued and outstanding shares stood at Sixty two million one hundred seventy thousand two hundred ninety three (62,170,293). The corresponding Subscription Agreements with the subscribers were executed by the Company on 16 May 2011 and the balances on the subscription price from the individual investors were received by the Company on 23 June 2011.

On 17 June 2011, the Board of Directors approved the sale and issuance, via private placement, of 136,678,651 shares of the Company at ₱1 par value a share to various investors. It also approved the creation of several subsidiaries via investment in various corporations where the Company will own 100% of the outstanding capital stock of the said subsidiaries. Moreover, the BOD approved the change of corporate name of the Parent Company and as approved by the Securities and Exchange Commission on 26 March 2012, the current name of the Company is Asiabest Group International Inc.

On 22 June 2011, the Philippine Stock Exchange (PSE) lifted the trading suspension of the Company due its full compliance with the Exchange's requirements, submission of structured reports and payment of the Company's obligations.

On 22 September 2011, the Board of Directors authorized the Chairman to evaluate, negotiate and enter on behalf of the Company into contracts, agreements, joint-venture, partnership, co-development and co-investment with any third party for the Company's business expansion. As a result, last 27 September 2011, the Company together with NiHao Mineral Resources Inc. (NiHao) executed a Heads of Agreement with Glencore International AG (Glencore). The Heads of Agreement was executed to allow the Company, NiHao and Glencore to enter into a joint venture and technical partnership whereby each party shall utilize its expertise in the mining industry for purposes of investigating, identifying, acquiring, developing and operating mining claims of economically feasible nickel deposits in the Philippines for purposes of Direct Shipping / Selling Ore and other nickel mining businesses. On 28 October 2011, the Company together with NiHao Mineral Resources, Inc. (NiHao) signed, in counterpart, the Addendum to the Heads of Agreement with Glencore International AG (Glencore). The Addendum provides that the Joint Venture Corporation to be formed in Hong Kong shall have an initial authorized share capital of One Hundred Thousand Hong Kong Dollars (HK$100,000.00) with a par value of One Hong Kong Dollar (HK$1.00) per share with issued and paid up capital of Ten Thousand Hong Kong Dollars (HK$10,000.00) equivalent to Ten thousand shares of the JVC. On 10 December 2011, the Certificate of Incorporation of GNA Resources International Limited (GNA) was approved under the Companies Ordinance of the Laws of Hong Kong.

On 7 October 2011, the stockholders approved the increase in the authorized capital stock of the Corporation from Two hundred Million (₱200,000,000.00) pesos divided into Two Hundred Million (200,000,000) shares at One Peso (₱1.00) per share up to Two Billion (₱2,000,000,000.00) pesos divided into Two Billion (2,000,000,000) shares at One Peso (₱1.00) per share that was approved by the Board of Directors last 17 June 2011. The capital increase may be undertaken in several parts / tranches, as may be determined by the Board.

On 14 October 2011, the company entered into a Management Agreement with Option to Buy with Geogen Corporation (GEOGEN). GEOGEN is a mining company and is the registered holder of a valid and existing mining claim in Dinapigue, Isabela. GEOGEN retained the services of ABG for the management of the exploration, development and mining operations of the mining area for a period of five (5) years.

On 5 March 2012, the Company gave its conformity to the execution of a General Contractor Agreement between Geogen Corporation and NiHao Mineral Resources International, Inc. The agreement provides for the terms and conditions of the contracting relationship between Geogen, as the MPSA Holder of MPSA No. 258-2007-II dated 30 July 2007 and NiHao as contractor for the mining and other services over the areas covered by the MPSA, located in Dinapigue Isabela.

For calendar year 2014, the corporation did not earn management fees under this contract since no services were provided over the MPSA areas for said period. In previous calendar years 2012 and 2013, however, management fee was recognized, in relation to the agreement, amounting to ₱3.6 million and ₱7.3 million, respectively.

On 7 April 2015, the Management Agreement was cancelled with payment of a termination fee equivalent to the average of the last three (3) years management fees or the amount of ₱3.13 million.

On 25 October 2016, the Board authorized the implementation of the Company's capital raising program and at the meeting of the stockholders last 7 December 2016, the first tranche of the increase in authorized capital stock of the Corporation was approved from Two Hundred Million Pesos (₽ 200,000,000.00) divided into Two Hundred Million (200,000,000) shares at One Peso (₽ 1.00) per share to Six Hundred Million Pesos (₽ 600,000,000.00) divided into Six Hundred Million (600,000,000) shares One Peso (₽ 1.00) per share.

On 23 November 2016, the Company entered into a Subscription Agreement with Mr. Vittorio Paulo P. Lim for the subscription, via private placement, to one hundred million (100,000,000) shares at the subscription price of one peso (₱1.00) per share. On the same date, the Company was able to collect its previously outstanding subscription receivable amounting to ₱101,678,651.

On 21 April 2017, the SEC approved the increase in authorized capital stock from Two Hundred Million Pesos (₽ 200,000,000.00) divided into two hundred million (200,000,000) shares to Six Hundred Million Pesos (₽ 600,000,000.00) divided into six hundred million (600,000,000) shares with par value of One peso (₱1.00). Likewise, the SEC approved the change in address of ABG to 22nd Floor The Peak Tower, 107 LP Leviste St., Salcedo Village, Makati City.

The accompanying financial statements have been prepared assuming the Company will continue operating as a going concern, and do not include any adjustments relating to the recoverability of asset carrying amounts and the amounts of liabilities that might result should the Company be unable to continue as a going concern. The Company's management continues to assess investment opportunities and various options regarding operations that the Company may undertake in the future.

The interest income earned by the Company on short-term investments for the six months ended June 30, 2017 totalled to about ₱0.388 million, a decrease of about ₱0.040 million or 9% compared to ₱0.428 million of June 30, 2016. The decrease was due to less short term investment of the company.

Total expenses for June 30, 2017 totaled about ₱3.22 million, an increase of about ₱2.81 million or 692% compared to ₱0.406 million of June 30, 2016. The increase was attributed to the payment of various expenses in line with the increase in the authorized capital stock of the Company and the sale of its three subsidiaries.

Cash and cash equivalents amounted to ₱268 million as of June 30, 2017 as compared to ₱190 million as of December 31, 2016 or an increase of ₱79 million or 41%. The increase in cash and cash equivalents was due to the collection of the full payment of ABG's subscription via private placement.

All receivables of ABG were collected as of June 30, 2017 while in June 30, 2016 there was an outstanding receivable of ₱3.044 million.

Other current assets is ₱2.035 million in June 30, 2017, an increase by ₱0.055 million or 3% compared to ₱1.98 million as of June 30, 2016, due mainly to additional input value-added tax on professional fees and PSE annual maintenance fees incurred for the period

Accounts and other payables is ₱0.27 million in June 30, 2017, a decrease of ₱3.6 million or 93% compared to ₱3.85 million of June 30, 2016. The decrease was brought about by the payment of various payables of the company.

Key Performance Factors:

	June 2017	June 2016
Net Income (Loss)	**(₱2,662,949)**	₱22,192
Current Assets	**₱270,523,455**	₱195,510,036
Current Liabilities	**₱273,300**	₱37,596,932
Total Liabilities	**₱273,300**	₱37,596,932
Stockholders' Equity	**₱270,250,155**	₱172,913,104
Debt to Equity Ratio		
₱273,300/₱270,250,155	**0.001**	
₱37,596,932/₱172,913,104		0.217
Current Ratio		
₱270,523,455/₱273,300	**989.84**	
₱195,510,036/₱37,596,932		5.20
Income (Loss) per share		
(₱2,662,949)/300,000,000	**₱ (0.009)**	
₱22,192/63,321,349		₱ 0.0003

Debt to Equity Ratio:
This ratio is determined by dividing the total liabilities by the total stockholders' equity.
This ratio measures the leverage on borrowed capital.

Current Ratio:
This ratio is computed by dividing the current assets by the current liabilities.
The ratio measures the company's ability to pay maturing obligations.

Income (Loss) Per Share:
Income (Loss) per share is computed by dividing the net income (loss) by weighted average number of common shares outstanding.

Investment in Shares of Stock

100% ownership in various companies
On 17 June 2011, the Board of Directors approved the creation of several subsidiaries via investment in various corporations where the Company will own 100% of the outstanding capital stock of the said subsidiaries.

On September 2011, the Securities and Exchange Commission approved the issuance of Alta Minera Inc. (AMI), Breccia Resources Inc. (BRI) and Millionaires Resources and Properties Inc. (MOPI) Certificate of Registration. AMI and BRI were both mining companies while MOPI was incorporated as a realty company.

On 29 May 2017, the Board ratified the sale of all the Company's shares of stock and interest in its subsidiaries, as a result the AMI, BRI and MOPI ceased to be ABG's subsidiaries.

Investment in Joint Venture
On 27 September 2011, the Company, NiHAO and Glencore executed a HOA in Hong Kong. Under the HOA, the parties agreed to utilize their respective expertise in the mining industry for purposes of investigating, identifying, acquiring, developing and operating mining claims of economically feasible nickel deposits in the Philippines for purposes of direct shipping or selling of ore and other related nickel mining business. Glencore shall contribute its expertise in marketing of nickel ores in the world market as well as its network of various institutions internationally. On the other hand, the Company and NiHAO shall utilize their expertise in mining, contracting and developing mines in the Philippines and their knowledge of relevant Philippine laws, rules and regulations and issues.

In order to accomplish the said purpose, the parties agreed to form within a period of two months from the signing of the HOA, a joint venture company (JVC) under the laws of Hong Kong. Pursuant to the Addendum to HOA dated 28 October 2011, the JVC will have an initial authorized capital of HK$100,000 with a par value of HK$1/share. The JVC should have an initial issued and paid-in capital of HK$10,000 to be contributed by the parties as follows: (1) 50% from Glencore; and (2) 25% each for the Parent Company and NiHAO.

Moreover, the parties agreed to execute the following implementing agreements of the HOA:

- Marketing agreement whereby Glencore will act as the exclusive marketing agent for the JVC and market and sell all material produced by the JVC;
- Management agreement;
- Contractor(s) agreement; and,
- Any other agreements agreed by the parties as being necessary or useful to facilitate the implementation and operation of the JVC.

The JVC under the name of GNA Resources International Limited was incorporated in Hong Kong on November 23, 2011.

On 29 May 2017, the Board authorized the sale of the Company's interest in GNA Resources International Limited.

In this interim period:

(a) There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way.

(b) There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

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

(d) There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

(e) There are no significant elements of income or loss that did not arise from the Company's continuing operations.

(f) There are no seasonal aspects that had a material effect on the Company's financial condition or results of operations.

(g) There are no material events and uncertainties known to management that would address the past and would have an impact on future operations of the Company.

PART II – OTHER INFORMATION

There are no contingent liabilities or contingent assets or known trend and events that may materially affect the company's operation nor are there estimates of amounts reported in prior periods that may have material effect on the attached financial statements.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized on Aug. 10, 2017.

By:

EDGARDO G. ALIMAGNO
Chairman & President

DAVID M. DELA CRUZ
Treasurer & Chief Financial Officer

ASIABEST GROUP INTERNATIONAL INC.

FINANCIAL STATEMENTS
AS AT JUNE 30, 2017(UNAUDITED) AND
DECEMBER 31, 2016 (AUDITED)

AND

FOR THE SIX MONTHS ENDED
JUNE 30, 2017 AND 2016 (UNAUDITED)

ASIABEST GROUP INTERNATIONAL INC
STATEMENT OF FINANCIAL POSITION

	Note		Unaudited June 30, 2017		Audited (Parent) December 31, 2016		Audited (Consolidated) December 31, 2016
ASSETS							
Current Assets							
Cash and cash equivalents	4	₱	268,488,342	₱	189,923,487	₱	193,462,363
Receivables	5				3,039,361		3,044,140
Advances to related parties	9				566,972		44,008
Other current assets	6		2,035,113		1,980,216		2,094,833
Total Current Assets			270,523,455		195,510,036		198,645,344
Non Current Assets							
Investment in Subsidiaries	7				15,000,000		
TOTAL ASSETS		₱	270,523,455	P	210,510,036	₱	198,645,344
LIABILITIES & STOCKHOLDERS' EQUITY							
Current Liabilities							
Accounts & other payables	8	₱	273,300	₱	3,846,932	₱	4,288,332
Deposit for future subscription	9				25,000,000		25,000,000
Subscription Payable	10				8,750,000		
Total Liabilities			273,300		37,596,932		29,288,332
Stockholders' Equity							
Capital Stock							
Authorized - 300,000,000 shares							
Issued			300,000,000		200,000,000		200,000,000
Deficit			(29,749,845)		(27,086,896)		(30,642,988)
Total Stockholders' Equity			270,250,155		172,913,104		169,357,012
		₱	270,523,455		210,510,036	₱	198,645,344

Note that ABG sold its three subsidiaries in May 2017

ASIABEST GROUP INTERNATIONAL INC.
STATEMENT OF COMPREHENSIVE INCOME

	Note	Parent				Consolidated	
		Six Months		Three Months		Six Months	Three Months
		January 1 to June 30, 2017	January to June 30, 2016	April 1 to June 30, 2017	April 1 to June 30, 2016	January to June 30, 2016	April 1 to June 30, 2016
REVENUES		₱	₱	₱	₱	₱	₱
EXPENSES		(3,217,734)	(406,149)	(2,809,571)	(109,256)	(382,307)	(39,586)
OTHER INCOME							
Interest Income	4	388,112	428,342	351,407	333,956	427,338	332,953
Reversal of impairment loss	6	166,674		166,674			
INCOME (LOSS) BEFORE INCOME TAX		(2,662,949)	22,193	(2,291,490)	224,700	45,031	293,367
PROVISION FOR INCOME TAX						(85,468)	(66,591)
NET INCOME (LOSS)		₱ (2,662,949)	₱ 22,193	₱ (2,291,490)	₱ 224,700	₱ (40,437)	₱ 226,776
WEIGHTED AVERAGE NUMBER OF COMMON SHARE		300,000,000	63,321,349	300,000,000	63,321,349	63,321,349	63,321,349
Net Income (Loss) Per Share	11	(0.009)	0.000	(0.008)	0.004	(0.001)	0.004

Note that ABG sold its three subsidiaries in May 2017

ASIABEST GROUP INTERNATIONAL INC.
STATEMENT OF CHANGES IN EQUITY

	Parent				Consolidated	
	Six Months		Audited		Audited	
	January 1 to June 30, 2017	January 1 to June 30, 2016	January 1 to December 31, 2016	January 1 to December 31, 2015	January 1 to December 31, 2016	January 1 to December 31, 2015
CAPITAL STOCK - ₱ 1 par value						
ISSUED						
Balance at the beginning of the year	₱ 200,000,000	₱ 63,321,349	₱ 200,000,000	₱ 63,321,349	₱ 200,000,000	₱ 63,321,349
Issuance	100,000,000	-	-	-	-	-
Effect of Restructuring	-	-	-	-	-	-
	300,000,000	63,321,349	200,000,000	63,321,349	200,000,000	63,321,349
SUBSCRIBED						
Balance at the beginning of the year		35,000,000		35,000,000		35,000,000
Issuance	-	-	-	-		
	-	35,000,000	-	35,000,000		35,000,000
Balance at the end of year	300,000,000	98,321,349	200,000,000	98,321,349	200,000,000	98,321,349
DEFICIT						
Balance at the beginning of the year	(27,086,896)	(25,816,059)	(25,816,059)	(24,040,400)	(29,269,392)	(30,361,049)
Effect of restructuring						
Total Comprehensive Loss	(2,662,949)	22,193	(1,270,837)	(1,775,659)	(1,373,596)	1,091,657
Balance at the end of year	(29,749,845)	(25,793,866)	(27,086,896)	(25,816,059)	(30,642,988)	(29,269,392)
	₱ 270,250,155	₱ 72,527,483	₱ 172,913,104	₱ 72,505,290	₱ 169,357,012	₱ 69,051,957

Note that ABG sold its three subsidiaries in May 2017

ASIABEST GROUP INTERNATIONAL INC.
STATEMENT OF CASH FLOWS

	Note	PARENT				CONSOLIDATED	
		Six Months		Three Months		Six Months	Three Months
		January 1 to June 30, 2017	January 1 to June 30, 2016	April 1 to June 30, 2017	April 1 to June 30, 2016	January 1 to June 30, 2016	April 1 to June 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES							
Income (Loss) before income tax		₱ (2,662,949)	₱ 22,193	₱ (2,291,490)	₱ 224,700	₱ 45,031	₱ 293,367
Adjustment for Interest Income		(388,112)	(428,342)	(351,407)	(333,956)	(427,338)	(332,953)
Reversal of impairment loss on other current assets		(166,674)		(166,674)			
Operating income before working capital changes		(3,217,734)	(406,149)	(2,809,571)	(109,256)	(382,307)	(39,586)
(Increase) Decrease in Receivables		3,039,361		3,039,361		4,517	0
(Increase) Decrease in Other Current Assets		(54,897)	(31,555)	(20,818)		(31,731)	0
Increase (Decrease) in accounts & other payables		(3,573,632)	(207,080)	(3,203,432)	1,051	(320,931)	(2,185)
Cash required by operations		(3,806,902)	(644,784)	(2,994,460)	(108,205)	(730,452)	(41,771)
Reversal of impairment loss on other current assets		166,674		166,674			
Interest Income		388,112	428,342	351,407	333,956	427,338	332,953
Final Tax Paid on Interest						(85,468)	(66,591)
Net Cash Provided by operating activities		(3,252,117)	(216,442)	(2,476,379)	225,751	(388,582)	224,591
CASH FLOWS FROM INVESTING ACTIVITIES ACTIVITIES							
Proceeds from sale of subsidiaries	7	6,250,000		6,250,000			
Advances collected from (made to) related parties		566,972	(54,052)	516,861			
Cash flow used in investing activities		6,816,972	(54,052)	6,766,861	# 0	0	0
CASH FLOWS FROM FINANCING ACTIVITIES							
Proceeds from:							
Collections of subscription receivable	9	75,000,000		75,000,000			
Cash flow used in investing activities		75,000,000	0	75,000,000	0	0	0
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		78,564,855	(270,494)	79,290,482	225,751	(388,582)	224,591
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		189,923,487	64,993,820	189,197,861	64,497,575	68,676,502	68,063,329
CASH AND CASH EQUIVALENTS AT END OF PERIOD		₱ 268,488,342	₱ 64,723,326	₱ 268,488,342	₱ 64,723,326	₱ 68,287,920	₱ 68,287,920

Note that ABG sold its three subsidiaries in May 2017

ASIABEST GROUP INTERNATIONAL INC.
NOTES TO FINANCIAL STATEMENTS

1. **Corporate Information and Status of Operations**

Corporate Information
Asiabest Group International Inc. (the "Company") was registered with the Philippine Securities and Exchange Commission (SEC) on October 23, 1970 as an investment holding corporation. It was listed in the Philippine Stock Exchange (PSE) on July 10, 1979. The Company's current registered office address is 22nd Floor The Peak Tower, 107 LP Leviste St., Salcedo Village, Makati City.

On May 3, 2011, SEC lifted the June 9, 2003 Order of Revocation of the Company's permit to sell securities. The SEC also approved the Company's application for quasi-reorganization and equity restructuring.

On June 17, 2011, the Board of Directors (BOD) approved the sale and issuance, via private placement, of 136.7 million shares of the Company at ₱1.00 par value a share to various investors.

On May 16, 2011, the Company executed subscription agreements with various investors. The agreements covered the subscription of 45 million shares at ₱1.00 par value or equivalent to ₱45 million.

On June 17, 2011, the Company executed subscription agreements with various investors for the remaining unissued portion of the authorized capital stock. The agreements covered the subscription of 136.7 million shares at ₱1.0 par value or equivalent to ₱136.7 million. The Company received ₱35 million from various investors as partial payment for the subscriptions. On the same date, the BOD also authorized the Company to incorporate several subsidiaries which will engage in the businesses of real estate, mining development, mining sub-contracting and equipment leasing and agricultural/palm oil production and processing. Pursuant to this authorization, the Company invested in the incorporation of Alta Minera Inc. (AMI), Breccia Resources Inc. (BRI) and Millionaires Offices and Properties Inc. (MOPI).

On March 26, 2012, the SEC approved the amendment of the Company's Articles of Incorporation and By-Laws specifically to change the name of the corporation from AGP Industrial Corporation to Asiabest Group International Inc. which was approved by a majority vote of the BOD on August 16, 2011 and by vote of more than two-thirds (2/3) majority of the shareholders of the Company in the Annual Stockholders' meeting held on October 7, 2011.

Status of Operations
The Company had a deficit of ₱30.6 million and ₱29.3 million as at December 31, 2016 and 2015, respectively. The Company's current management is assessing and identifying investment opportunities and various business options that the Company may undertake as an on-going concern.

The Company authorized the raising of more capital for possible lucrative business ventures in the foreseeable future via an increase of the Company's authorized capital stock. Thus, on October 25, 2016, the BOD approved to increase the authorized capital of the Group from ₱200,000,000 divided into 200,000,000 shares to ₱600,000,000 divided into 600,000,000 shares. On November 23, 2016, the Company entered into a subscription agreement for the subscription of 100,000,000 shares. The Company, likewise, collected its previously outstanding subscription receivables amounting to ₱101,678,651.

On April 21, 2017, the SEC approved the increase in authorized capital stock from Two Hundred Million Pesos (₱200,000,000.00) divided into two hundred million (200,000,000) shares to Six Hundred Million Pesos (P 600,000,000.00) divided into six hundred million (600,000,000) shares with par value of One peso (₱1.00) per share.

On May 29, 2017, the BOD ratified the sale of the Company's shares and ownership interest in AMI, BRI and MOPI in order to streamline the business of the Company and reduce its financial and reporting requirements.

The financial statements for the six months ended June 30, 2017 and 2016 were authorized for issue in accordance with a resolution of the Audit Committee on August 10, 2017.

2. **Basis of Preparation, Statement of Compliance and Summary of Significant Accounting and Financial Reporting Policies**

Basis of Preparation
The Company financial statements have been prepared on a historical cost basis. The financial statements are presented in Philippine peso, which is the Company's functional and presentation. Amounts are rounded off to the nearest Philippine peso, except when otherwise indicated.

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

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year except that the Company has adopted the following new accounting pronouncements starting January 1, 2017. Adoption of these pronouncements did not have any significant impact on the Company's financial position or performance unless otherwise indicated.

- Amendment to PFRS 12, *Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)
- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative*
- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*

Standards and Interpretation Issued but not yet Effective
The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Effective beginning on or after January 1, 2018

- Amendments to PFRS 2, *Share-based Payment*, *Classification and Measurement of Share-based Payment Transactions*
  The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

  On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

- Amendments to PFRS 4, *Insurance Contracts*, *Applying PFRS 9, Financial Instruments, with PFRS 4*
  The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021.

  The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9.

- PFRS 15, *Revenue from Contracts with Customers*
  PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an

entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018.

The Company is assessing the potential effect of the revenue on its financial statements.

- PFRS 9, *Financial Instruments*
  PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

  The Company is currently assessing the impact of adopting PFRS 9.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)
  The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.

- Amendments to PAS 40, *Investment Property*, *Transfers of Investment Property*
  The amendments clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*
  The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

Effective beginning on or after January 1, 2019

- PFRS 16, *Leases*

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

Deferred effectivity

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Summary of Significant Accounting and Financial Reporting Policies

Presentation of Financial Statements

The Company has elected to present all items of recognized income and expense in one statement of comprehensive income.

Financial Instruments

Date of Recognition

The Company recognizes a financial asset or a financial liability in the Group statement of financial position when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date (i.e., the date the Group commits to purchase or sell the asset).

Initial Recognition, Classification and Measurement

The Company determines the classification of financial instruments at initial recognition and, where allowed and appropriate, re-evaluates this designation at every end of the financial reporting date. Financial instruments are recognized initially at fair value. Directly attributable transaction costs are included in the initial measurement of all financial assets and financial liabilities, except for financial instruments which are measured at fair value through profit or loss (FVPL).

Financial Assets

Financial assets within the scope of PAS 39 are classified into the following categories: financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments and available-for-sale (AFS) financial assets. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at FVPL, transaction costs that are attributable to the acquisition of the financial asset.

The Company's financial assets are in the nature of loans and receivable. The Company has no financial assets at FVPL, HTM, AFS financial assets, and derivatives designated as hedging instrument in an effective hedge as at June 30, 2017 and December 31, 2016.

Financial Liabilities
Financial liabilities within the scope of PAS 39 are classified as either financial liabilities at FVPL, loans or borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax.

The Company's financial liabilities are in the nature of loans and borrowings. The Company has no financial liabilities classified as financial liabilities at FVPL or as derivatives designated as hedging instrument in an effective hedge as at June 30, 2017 and December 31, 2016.

Subsequent Measurement
The subsequent measurement of financial instruments depends on their classification as follows:

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. After initial measurement, loans and receivables are subsequently carried at amortized cost using the effective interest rate (EIR) method, less allowance for impairment losses, if any. Gains and losses are recognized in Company statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Loans and receivables are classified as current assets when these are expected to be realized within twelve (12) months from the end of the reporting period or within the Company's normal operating cycle, whichever is longer. Otherwise, these are classified as noncurrent assets.

As at June 30, 2017 and December 31, 2016, the Company's loans and receivables consist of cash and cash equivalents, receivables, and advances to related parties.

Loans and Borrowings
Loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. Issued financial instruments or their components, which are not designated at FVPL are classified as loans and borrowings, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the Company's statement of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.
Loans and borrowings are included under current liabilities if it will be settled within twelve (12) months after the end of the reporting date. Otherwise, these are classified as noncurrent liabilities.

As at June 30, 2017 and December 31, 2016, the Company's loans and borrowings include accounts payable and other liabilities.

Fair Value Measurement
The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to the quoted market bid prices at the close of business on the financial reporting date, without any deduction for transaction costs. For financial instruments where there is no active market, fair value is determined using appropriate valuation techniques, which may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for similar instruments with similar maturities; or other valuation models.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statement 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:

i. Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
ii. Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
iii. 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 Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each end of the reporting date.

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 13.

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

The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

“Day 1” Difference
Where the transaction price in a non-active market is different from the fair value from other observable current market in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in the statement of comprehensive income unless it qualifies for recognition as some other type of asset or liability.

Impairment of Financial Assets
The Company assesses at each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the contracted parties or a group of contracted parties is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is measurable decrease in the estimated future cash flows such as changes in arrears or economic conditions that correlate with defaults.

Loans and Receivables
For financial assets carried at amortized cost, the Company first assesses, whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate (i.e., the effective interest rate computed at initial recognition). The present value of the estimated future cash flows is discounted at the financial asset’s original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Assets together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Derecognition of Financial Instruments
Financial Assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

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

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial Liabilities
Financial liabilities are derecognized when the obligation under the liabilities are discharged, cancelled or has expired.

When existing financial liabilities are replaced by another from the same lender on substantially different terms, or the terms of an existing liabilities are substantially modified, such an exchange or modification is treated as a derecognition of the original liabilities and the recognition of a new liabilities, and the difference in the respective carrying amount is recognized in Group statement of comprehensive income.

<u>Other Current Assets</u>
Other current assets include input value-added tax (VAT), deferred input VAT and creditable withholding tax (CWT).

Input VAT and Deferred Input VAT
Input VAT represents VAT imposed on the Company by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations.

Deferred input VAT represents input VAT on the purchase of applicable services that are still outstanding at the end of financial reporting period. This will be claimed as tax credit against output VAT upon payment of the related liability.

Input VAT and deferred input VAT representing claims for refund from the taxation authorities after twelve (12) months from the end of reporting period are recognized as current assets. Input VAT and deferred input VAT are stated at their estimated NRV.

CWTs
CWTs are withheld from income subject to expanded withholding taxes. CWTs can be utilized as payment for income taxes provided that they are properly supported by certificates of CWT withheld at source subject to the rules in Philippine income taxation. CWTs which are claimed against income tax due represents excess of the tax payable and are carried over in the succeeding period for the same purpose.

<u>Impairment of Nonfinancial Assets</u>
Other Current Assets
Other current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

The Company provides allowance for impairment losses on other current assets when it can no longer be realized. The amount and timing of recorded expense for any period would differ if the made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expense and decrease other current assets. Impairment losses are recognized in the Company statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

Recovery of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recorded in the Company's statement of comprehensive income. However, the increased carrying amount of an asset due to recovery of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined had no impairment loss recognized for that the asset in the prior years.

Capital Stock
Common shares are classified as equity.

Capital stock is recognized when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from proceeds.

Deposit for future stock subscription
Deposit for future stock subscription is the amount provided by the stockholders to the Company as an advance payment for future stock issuances.

Deficit
Deficit represents the cumulative balance of the results of operation. A deficit is not an asset but a deduction from equity.

Other Comprehensive Income
Other comprehensive income comprise items of income and expense (including items previously presented under the Company's statement of changes in equity) that are not recognized in the Company's profit or loss for the year in accordance with the PFRS.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms of payment and excluding duties and taxes. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. Revenue includes only the gross inflows of the economic benefits received and receivable by the Company on its own account. Amounts collected on behalf of third parties, such as reimbursable transactions, are not economic benefits which flow to the Company and do not result in increase in equity; therefore, they are excluded from revenue.

Interest income
Interest income from bank deposits and short-term cash placements is recognized on a time proportion basis on the principal outstanding and at the rate applicable. Revenue is recognized as the interest accrues taking into account the effective yield of the asset.

Expenses
Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses constitute cost of administering the business and are recognized as incurred.

Income Taxes
Current Income Tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the financial reporting date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Tax
Deferred income 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.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits can be utilized except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and sufficient future taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at the end of each financial reporting period and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each financial reporting date and are recognized to the extent that it has become probable that sufficient future taxable income will allow the deferred income tax asset to be recovered.

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

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

<u>Earnings (loss) per Common Share</u>
Basic earnings (loss) per common share is determined by dividing net income (loss) by the weighted average number of common shares outstanding, after retroactive adjustment for any stock dividends and stock splits declared during the year.

Diluted earnings (loss) per common share, if applicable, is calculated by dividing the net income (loss) for the year attributable to the ordinary equity holders of the parent by the weighted average number of common shares outstanding during the year plus the weighted average number of ordinary shares that would be issued for outstanding common stock equivalents.

<u>Provisions</u>
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement, is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Company statement of comprehensive income net of any reimbursement.

Contingencies
Contingent liabilities are not recognized in the Company's financial statements but are disclosed in the Company's notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the Group's notes to financial statements when inflows of economic benefits are probable.

Events after the Financial Reporting Period
Post year-end events that provide additional information on the company's financial position at the reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the Company notes to financial statements when material.

3. **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes to financial statements. The judgments, estimates, and assumptions used in financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. In the opinion of management, the financial statements reflect all adjustments necessary to present fairly the results for the period present. Actual results could differ from these estimates and assumptions used.

Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be recoverable under the circumstances.

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

Ability to continue as a going concern
As discussed in Note 1 to the financial statements, the Company has incurred deficit of ₱30 million and ₱30.6 million as of June 30, 2017 and December 31, 2016. The Company has incurred net loss of ₱2.66 million in the Second Quarter of 2017. The Company has no commercial operations. Management assesses that the going concern assumption remains to be appropriate as it continues to identify investment opportunities and various options that the Company may undertake in the future.

Estimates and Assumptions
The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The key assumptions concerning the future and other key sources of estimation uncertainty as at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are discussed below:

Estimating Allowance for Impairment Losses on Receivables
The Company reviews its receivables at each end of the reporting period to assess whether an allowance for impairment should be recorded in the statement of comprehensive income. The Company evaluates accounts individually and assesses at each financial reporting date an allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of

allowance required. Such estimates are based on assumption about a number of factors and actual results may differ, resulting in future changes to the allowance.

The Company evaluates specific accounts where the Company has information that certain third parties are unable to meet their financial obligations. Facts, such as the Company's length of relationship with the other parties or other parties' current credit status, are considered to ascertain the amount of allowance that will be provided. The allowances are evaluated and adjusted as additional information is received.

No provision for impairment losses on receivables was recognized in the Second Quarter of 2017, and December 2016 as management assessed that the receivables were not impaired. As at June 30, 2017 all receivables were collected by the Company. As at December 31, 2016, the carrying value of receivables amounted to ₱3.04 million (see Note 5).

Estimating Allowance for Impairment Losses on Other Current Assets
The Company provides allowance for impairment losses on nonfinancial other current assets when they can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease other current assets.

No provision for impairment losses was recognized on the Company's other current assets in the Second Quarter of 2017 and 2016 as management assessed that the allowance recorded is sufficient to write down the other current assets to its recoverable amount. The carrying values of other current assets amounted to ₱2.03 million and ₱1.98 million, net of allowance for impairment losses amounting to ₱0.8 million and ₱0.9 million, as at June 30, 2017 and December 31, 2016, respectively (see Note 6).

4. Cash and Cash Equivalents

	6/30/2017	ABG 12/31/2016	Consolidated 12/31/2016
Cash in banks	**₱268,488,342**	₱189,923,487	₱190,891,394
Short-term investments	**-**		2,570,969
	₱268,488,342	₱189,923,487	₱193,462,363

Cash in banks earn interest at the prevailing bank deposit rates.

Short-term investments are made for varying periods of up to three (3) months, depending on the immediate cash requirements of the Company, and earn interest at the prevailing short-term deposit rates.

Interest income earned amounted to ₱0.388 million, and ₱0.428 million in June 30, 2017, and 2016 respectively, and is shown in the consolidated statements of comprehensive income.

5. Receivables

	6/30/2017	ABG 12/31/2016	Consolidated 12/31/2016
Trade receivables (Note 9)	**₱ -**	₱3,039,361	₱3,039,361
Interest receivable	**-**		5,701
	₱ -	₱3,039,361	₱3,045,062

Receivables amounting to nil and ₱3.0 million as of June 30, 2017 and December 31, 2016, respectively, pertain to management fee arising from the Management Agreement with Option to Buy with Geogen Corporation (Geogen). NiHAO Mineral Resources International, Inc. (NiHAO) shall bear the management fees pursuant to a separate General Contractor Agreement executed between NiHAO and Geogen to which the Company conformed (see Note 10). These receivables are non-interest bearing.

Interest receivable pertains to the amount of interest accrued on the Company's short-term deposits.

6. **Other Current Assets**

		ABG	Consolidated
	6/30/2017	12/31/2016	12/31/2016
CWTs	**₱2,794,640**	₱2,794,640	₱2,794,640
Input VAT		69,777	178,994
Deferred input VAT	**50,400**	92,400	97,800
	2,845,040	2,956,817	3,071,434
Less: Allowance for impairment losses	**(809,927)**	(976,601)	(976,601)
	₱2,035,113	₱1,980,216	₱2,094,833

CWTs are amounts withheld from income subject to expanded withholding taxes. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable withholding tax withheld at source subject to the rules on Philippines income taxation.

Input VAT represents VAT imposed by the Company's suppliers for the acquisition of goods and services as required by the Philippine taxation laws and regulations. Input VAT will be used to offset against the Company's current output VAT liability.

Deferred input VAT represents input VAT related to the Company's outstanding accounts payable and other liabilities and to be realized within twelve (12) months from end of reporting period.

Movements in the allowance for impairment losses on other current assets are as follows:

	6/30/2017	12/31/2016
Beginning balances	**₱976,601**	₱976,601
Reversal	**(166,674)**	-
Ending balances	**₱809,927**	₱976,601

The Company recognized reversal of impairment losses on other current assets amounting to 166,674 for the six months ended June 30, 2017 (and nil for the six months ended June 30, 2016) under "Other income" in the statement of comprehensive income.

7. **Investment in Subsidiaries**

The following are the subsidiaries of the Company as of June 30, 2017 and December 31, 2016:

Subsidiaries	Nature of business	Percentage of ownership		Balance	
		6/30/2017	12/31/2016	**6/30/2017**	12/31/2016
AMI	Mining Company	**-**	100	**₱ -**	5,000,000.00
BRI	Mining Company	**-**	100	**-**	5,000,000.00
MOPI	Real Estate Company	**-**	100	**-**	5,000,000.00
Total				**₱** -	₱15,000,000.00

Incorporation of AMI, BRI and MOPI
AMI, BRI and MOPI were incorporated in September 2011 and registered with the Securities and Exchange Commission. AMI and BRI are authorized to engage in the exploration, exploitation and mining of metallic and nonmetallic minerals including, but not limited to nickel, gold, copper and the like. MOPI is authorized, under its charter to engage in the exploration, development and operation of mining properties and mining claims. Unpaid subscription payable amounted to nil as of June 30, 2017 an ₱2.5 million, ₱2.5 million and ₱3.75 million for AMI, BRI, and MOPI, respectively, as of December 31, 2016.

On May 29, 2017, the Company ratified the sale of AMI, BRI and MOPI for a total monetary consideration of ₱6.25 million.

8. **Accounts Payable and Other Liabilities**

		ABG	Consolidated
	6/30/2017	12/31/2016	12/31/2016
Accrued professional fees	**₱ -**	₱3,108,466	₱3,545,866
Deferred output VAT	**-**	376,003	376,003
Dividends payable	**273,300**	273,300	273,300
Expanded withholding tax payable	**-**	87,667	91,667
Other current liabilities	**-**	1,496	1,496
	₱273,300	₱3,846,932	₱4,288,332

Accrued professional fees include professional fees already incurred but not yet billed. These are non-interest bearing and are generally settled in thirty (30) to sixty (60) days.

Deferred output VAT represents output VAT which is related to the accounts receivable outstanding and to be settled within twelve (12) months from end of reporting period.

Dividends payable pertains to unclaimed dividends declared by the Company's BOD.

Expanded withholding tax payable pertains to liability to the government which is payable within fifteen (15) days after the end of each month.

Other current liabilities include other expenses already incurred but not yet billed. These are non-interest bearing and are generally settled in thirty (30) to sixty (60) days, but may go beyond depending on the agreement of the involved parties.

9. **Equity**

On October 25, 2016, the BOD approved to increase the authorized capital of the Company from ₱200,000,000 divided into 200,000,000 shares to ₱600,000,000 divided into 600,000,000 shares.

On November 23, 2016, the Company entered into a subscription agreement for a subscription of 100,000,000 shares. The Company, likewise, collected its previously outstanding subscription receivable amounting to ₱101,678,651. On April 21, 2017, the SEC approved the amendment of the Company's Articles of Incorporation for the said increase. The remaining payment for the subscription of 100,000,000 shares was fully paid as of May 31, 2017.

10. **Related Party Transactions**

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

The details of related party transactions are as follows:

Category	Amount/Volume	Outstanding Balance	Terms	Conditions
NiHAO				
Trade receivables (Note 5)				
6/30/2017	**₱ –**	**₱-**	Collectible in cash and on demand, non-interest bearing	Unsecured, not impaired, and unguaranteed
12/31/2016	₱3,039,361	₱3,039,361		

Category	Amount/Volume	Outstanding Balance	Terms	Conditions
Advances to related parties				
6/30/2017	**₱ –**	**₱ –**	Collectible in cash and on demand, non-interest bearing	Unsecured, not impaired, and unguaranteed
12/31/2016	39,080	39,080		
Stockholders				
Advances to related parties				
6/30/2017	**₱ –**	**₱ –**	Collectible in cash and on demand, non-interest bearing	Unsecured, not impaired, and unguaranteed
12/31/2016	4,928	4,928		
Subsidiaries				
AMI				
Subscriptions Payable				
6/30/2017	**₱ –**	**₱ –**	Payable in cash and on demand, non-interest bearing	Unsecured and unguaranteed
12/31/2016	₱2,500,000	₱2,500,000		
Advances to related parties				
6/30/2017	**₱ –**	**₱ –**	Collectible in cash and on demand, non-interest bearing	Unsecured, not impaired, and unguaranteed
12/31/2016	₱228,945	₱228,945		
BRI				
Subscriptions Payable				
6/30/2017	**₱ –**	**₱ –**	Payable in cash and on demand, non-interest bearing	Unsecured and unguaranteed
12/31/2016	₱2,500,000	₱2,500,000		
Advances to related parties				
6/30/2017	**₱ –**	**₱ –**	Collectible in cash and on demand, non-interest bearing	Unsecured, not impaired, and unguaranteed
12/31/2016	₱12,959	₱12,959		
MOPI				
Subscriptions Payable				
6/30/2017	**₱ –**	**₱ –**	Payable in cash and on demand, non-interest bearing	Unsecured and unguaranteed
12/31/2016	₱3,750,000	₱3,750,000		
Advances to related parties				
6/30/2017	**₱ –**	**₱ –**	Collectible in cash and on demand, non-interest bearing	Unsecured, not impaired, and unguaranteed
12/31/2016	₱281,060	₱281,060		
Total				
Subscription Payable (Note 7)				
6/30/2017	**₱ –**	**₱ –**		
12/31/2016	₱8,750,000	₱8,750,000		
Advances to a related parties				
06/30/2017	**₱-**	**₱-**		
12/31/2016	₱566,972	₱566,972		

Other significant information on the account balances and transactions with related parties are as follows:

In September 2011, the SEC approved the issuance of the Certificate of Incorporation of AMI, BRI, and MOPI as mining and real estate corporation, respectively, where the Company owns 100% of the outstanding capital stock. As of May 29, 2017 the Board ratified the sale of said subsidiaries and where taken out from its books since it was already sold /assigned to another.

On March 5, 2012, the Company gave its conformity to the execution of a General Contractor Agreement between Geogen and NiHAO under which NiHAO shall bear the management fees pursuant to the Management Agreement with Option to Buy. Mining operations started in 2012.

On April 7, 2015, the agreement was cancelled subject to payment of termination fee equivalent to the average of the last three (3) years management fees by NiHAO to the Company.

Transactions with Key Management Personnel
The Company avails of services, primarily consisting of legal and back office work, rendered by lawyers who are also key management personnel of the Company. The related professional fees amounted to ₱1 million and nil in the second quarter of 2017, and 2016, respectively.

11. **Basic Earnings (Loss) Per Share**

	6/30/2017	ABG 12/31/2016	Consolidated 12/31/2016
Net income (loss) (a)	**(₱2,662,949)**	₱ (1,270,837)	₱ (1,373,596)
Weighted average number of common shares (b)	**300,000,000**	200,000,000	200,000,000
Basic/diluted earnings (loss) per share (a/b)	**(₱0.009)**	(₱0.01)	(₱0.007)

12. **Financial Risk Management, Objectives and Policies and Capital Management**

Financial Risk Management Objectives and Policies
The Company's principal financial instruments comprise of cash and cash equivalents and receivables. The Company has other financial liabilities such as accounts payable and other liabilities which arise directly from its operations.

The main risks arising from the Company's financial instruments are credit risk and liquidity risk. The Company's management is responsible for the comprehensive monitoring, evaluation and analysis of the Company's risks in line with the policies and limits set by the BOD. The Company's management reviews and approves policies for managing each of these risks and they are summarized below:

Credit Risk
Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations as and when they fall due. It is inherent to the business as potential losses may arise due to the failure of counterparties to fulfill their obligations on maturity dates or due to adverse market conditions.

The Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equivalent to the carrying amount of cash and cash equivalents and receivables.

The BOD reviews and agrees policies for managing its credit risk. The Company trades only with a related party and recognized creditworthy third parties and loans and receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

The table below shows the gross maximum exposure to on and off credit risk exposures of the Company, without considering the effects of collateral, credit enhancements and other credit mitigation techniques.

	6/30/2017	ABG 12/31/2016	Consolidated 12/31/2016
Cash and cash equivalents	**₱268,488,342**	₱189,923,487	₱193,462,363
Receivables	**-**	3,039,361	3,044,140
Advances to related parties	**-**	566,972	–
	₱268,488,342	₱193,529,820	₱196,550,511

Cash and cash equivalents were classified as high grade since these are deposited and invested with a reputable bank that was duly approved by BOD and have low probability of insolvency. Cash in banks can be withdrawn anytime.

Receivables are classified as high grade since the Company trades only with recognized third parties, there is no requirement for collateral. These receivables are collectible when due.

The tables below show the aging analyses of past due but not impaired receivables per class that the Company held as at June 30, 2017 and 2016. A financial asset is past due when a counterparty has failed to make payment when contractually due.

6/30/2017		**Past due but not impaired**					
	Neither past due nor impaired	**Less than 30 days**	**31 to 60 days**	**61 to 90 days**	**More than 91 days**	**Individually Impaired**	**Total**
Cash and cash equivalents	**₱268,488,342**	**₱–**	**₱–**	**₱–**	**₱–**	**₱ –**	**₱268,488,342**
Receivables	**-**	**–**	**–**	**–**	**–**	**–**	**-**
Advances to related parties	**-**	**–**	**–**	**–**	**–**	**–**	**-**
	₱268,488,342	**₱–**	**₱–**	**₱–**	**₱–**	**₱ –**	**₱268,488,342**

12/31/2016 (ABG)		Past due but not impaired					
	Neither past due nor impaired	Less than 30 days	31 to 60 days	61 to 90 days	More than 91 days	Individually Impaired	Total
Cash and cash equivalents	₱189,923,487	₱–	₱–	₱–	₱–	₱ –	₱189,923,487
Receivables	3,039,361	–	–	–	–	–	3,039,361
Advances to related parties	566,672	–	–	–	–	–	566,672
	₱193,529,820	₱–	₱–	₱–	₱–	₱ –	₱193,529,820

12/31/2016 (Consolidated)		Past due but not impaired					
	Neither past due nor impaired	Less than 30 days	31 to 60 days	61 to 90 days	More than 91 days	Individually Impaired	Total
Cash and cash equivalents	₱193,462,363	₱–	₱–	₱–	₱–	₱–	₱193,462,363
Receivables	3,044,140	–	–	–	–	–	3,044,140
Advances to related parties	44,008	–	–	–	–	–	44,008
	₱196,550,511	₱–	₱–	₱–	₱–	₱–	₱196,550,511

Liquidity Risk

Liquidity risk is the risk that the Company could not be able to settle or meet its obligations on time or at a reasonable price. Management is responsible for liquidity, funding as well as settlement management.

The Company's exposure to liquidity risk relates to raising funds. The Company manages its liquidity profile to be able to finance capital expenditures and service maturing debts. To cover its financing requirements, the Company intends to use internally generated funds and available short-term credit facilities.

As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise.

The following table summarizes the maturity profile of the Company's financial liability as at June 30, 2017 and December 31, 2016, based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Company's financial liabilities in order to provide a complete view of the Company's contractual commitments. The analysis into relevant maturity groupings is based on the remaining term at the end of the reporting period to the contractual maturity dates.

6/30/2017	**On demand**	**Less than 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 3 years**	**Total**
Financial liability						
Loans and borrowings						
Accounts payable and other liabilities*	**₱-**	**₱–**	**₱–**	**₱–**	**₱–**	**₱-**

12/31/2016 (ABG)	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 3 years	Total
Financial liability						
Loans and borrowings						
Accounts payable and other liabilities*	₱3,383,262	₱–	₱–	₱–	₱–	₱3,383,262

12/31/2016 (Consolidated)	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 3 years	Total
Financial liability						
Loans and borrowings						
Accounts payable and other liabilities*	₱3,820,662	₱–	₱–	₱–	₱–	₱3,820,662

**Excluding expanded withholding tax payable and deferred output VAT.*

Capital Management

The Company maintains a capital base to cover risks inherent in the business. The primary objective of the Company's capital management is to ensure that it maintains strong and healthy capital ratios in order to support its business and maximize shareholder value. The Company's dividend declaration is dependent on availability of earnings and operating requirements.

To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital in the second quarter of 2017 and 2016.

The table below summarizes the total capital considered by the Group:

	6/30/2017	ABG 12/31/2016	Consolidated 12/31/2016
Capital stock	**₱300,000,000**	₱200,000,000	₱200,000,000
Deposit on future stock subscription		25,000,000	25,000,000
Deficit	**(29,749,845)**	(27,086,896)	(30,642,988)
	₱270,250,155	₱197,913,104	₱194,357,012

The Company monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as total debt divided by equity. Total debt comprises all components of liability. Equity is comprised of capital stock and deficit.

The Company's debt-to-equity ratio as at June 30, 2017 and December 31, 2016 were as follows:

	6/30/2017	ABG 12/31/2016	Consolidated 12/31/2016
Total liabilities (a)	**₱273,300**	₱37,596,932	₱29,288,332
Total equity (b)	**270,250,155**	172,913,104	169,357,012
Debt to Equity Ratio (a/b)	**0.001:1**	0.22:1	0.17:1

13. **Financial Instruments**

Cash and Cash Equivalents, Receivables, Advances to Related Parties and Accounts Payable and Other Liabilities.

Due to the short-term nature of the transactions, the carrying values of these financial assets and liabilities reasonably approximate their fair values as of the reporting period.

Financial Soundness Indicators

		June 2017	June 2016
Current Ratio			
Current Assets ÷	₱270,523,455/₱273,300	989.84	
Current Liabilities	₱69,750,598/₱3,473,115		20.08
Interest Coverage Ratio*			
EBIT ÷	₱(2,662,949)/₱-0-	NA	
Interest Expense	₱22,193/₱-0-		NA
Debt Ratio			
Total Liabilities ÷	₱273,300/₱270,523,455	0.001	
Total Assets	₱12,223,115/₱84,750,598		0.144
Debt to Equity Ratio			
Total Liabilities ÷	₱273,300/₱270,250,155	0.001	
Stockholders' Equity	₱12,223,115/₱72,527,483		0.169
Asset to Equity Ratio			
Total Assets ÷	₱270,523,455/₱270,250,155	1.001	
Stockholders' Equity	₱84,750,598/₱72,527,483		1.169
Return on Asset			
Net Income (Loss) ÷	₱(2,662,949)/₱270,523,455	(0.010)	
Total Assets	₱22,193/₱84,750,598		0.0003
Return on Equity			
Net Income (Loss) ÷	₱(2,662,949)/₱270,250,155	(0.010)	
Stockholders' Equity	₱22,193/₱75,527,483		0.0003
Net Profit Margin			
Net Income (Loss) ÷	₱(270,250,155)/₱0	0	
Total Sales	₱22,193/₱0		0
Income (Loss) per share			
Net Income (Loss) ÷	₱(2,662,949)/300,000,000	₱(0.009)	
Weighted Ave. No. of shares	₱22,193/63,321,349		₱0.0004

**The Company did not incur any interest on its advances.*