BenguetCorp

May 20, 2019

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City 1307

Attention: Mr. VICENTE GRACIANO P. FELIZMENIO, JR.
Director, Markets & Securities Regulation Department

PHILIPPINE STOCK EXCHANGE, INC.
6th Floor, Philippine Stock Exchange Tower
5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

Attention: Ms. JANET A. ENCARNACION
Head, Disclosure Department

Gentlemen:

In compliance with the reportorial requirements of the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE), we submit hereto Benguet Corporation's 2019 First Quarter Report (SEC Form 17-Q) ended March 31, 2019.

Please note that on May 10, 2019, we requested for extension of deadline to submit the said report under SEC Form 17-L for SEC and a written request for PSE.

We trust that you will find everything in order.

Very truly yours,

BENGUET CORPORATION
By:

REYNALDO P. MENDOZA
Senior Vice President-Legal, Public Affairs
and Assistant Corporate Secretary

COVER SHEET

1 1 3 4 1

SEC Registration Number

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

(Group's Full Name)

7 t h   F l O O r ,   U n i v e r S a l   R e   B u i l d i n g ,
1 0 6   P a S E o   d E   R o x a S ,   M a k a t i   C i t y

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

Mr. Reynaldo P. Mendoza

(Contact Person)

812-1380

(Group Telephone Number)

1 2 3 1

Month *Day*

(Calendar Year)

1 7 - Q

(Form Type)

Month *Day*

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: **MARCH 31, 2019**

2. Commission identification number: **11341** 3. BIR Tax Identification No.: **000-051-037-000**

BENGUET CORPORATION
4. Exact name of issuer as specified in its charter

PHILIPPINES
5. Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)

7F UNIVERSAL RE-BUILDING, 106 PASEO DE ROXAS, MAKATI CITY **1226**
7. Address of issuer's principal office Postal Code

(632) 812-1380 / 751-9137
8. Issuer's telephone number, including area code
....
9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA.

	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Convertible Preferred Class A	217,061 shares
Common Class A Stock	370,739,961 shares*
Common Class B Stock	245,031,222 shares*

*Net of Treasury Shares

Total consolidated outstanding principal loans payable as of March 31, 2019 - ₱270.1 Million

11. Are any or all of the securities listed on a Stock Exchange? Yes [**X**] No [ ]

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

The Issuer's Convertible Preferred Class A share, Common Class A share and Common Class B share are listed in the Philippine Stock Exchange (PSE).

Indicate by check mark whether the registrant:

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

Yes [X] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.
Yes [ ] No [X]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Financial Statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and Content of Financial Statements, shall be furnished as specified therein.

PLEASE REFER TO ANNEX "A" on pages 12 to 35 which are incorporated and form part of this report (SEC Form 17-Q), as follows:

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

A. 2019 FIRST QUARTER Vs. 2018 FIRST QUARTER

CONSOLIDATED RESULTS OF OPERATIONS

Consolidated net loss for the first quarter of 2019 amounted to ₱60.6 million, higher than the ₱36.5 million net loss for the same period in 2018. The increase/decrease in net loss was the net effect of the following:

Revenues
The Company registered consolidated revenues of ₱186.5 million for the 1st quarter of 2019, 45% lower than the ₱336.4 million reported for the same quarter in 2018. The negative variance is attributable to the Acupan Gold Project (AGP) lower volume of milling tonnage and no shipment of nickel ore this quarter. For the quarter, AGP milled 8,658 tons versus 14,470 tons for the same period last year. This resulted to lower production of 1,932 ounces versus 2,660 ounces of gold last year. BNMI, on the other hand, was not able to shipped-out nickel ore this quarter due to lower price of low-grade nickel ore as compared to the two boatloads of nickel ore with an aggregate volume of 108,635 tons at an average price of $20/ton sold for the same period last year.

Operating and Other Expenses
Cost and operating expenses in the first quarter this year decreased by 33% to ₱240.7 million from ₱357.2 million for the same quarter in 2018 mainly due to decrease in cost of mine products sold by 52% or ₱111.8 million.

Other expense for the quarter amounted to ₱3.6 million slightly lower than the ₱10.9 million for the same quarter last year due to forex gain of ₱0,39 million this quarter versus forex loss of P9.9 million for the same period in 2018.

Provision for income tax of ₱2.4 million for the first quarter this year pertains to the minimum corporate income tax of BC (Parent company), Benguetcorp Nickel Mines, Inc. (BNMI) Arrow Freight Corporation (AFC) and Keystone Port Logistics and Management Services Corporation (Keystone).

FINANCIAL CONDITION

Assets
The Company ended the first quarter of 2019 with consolidated total assets of ₱6.48 billion, slightly lower than ₱6.63 billion in 2018. The slight increase/decrease is the net effect of the following:

Cash and cash equivalent decreased by 65% or ₱196.3 million mainly from cash used in operation and payment of loan and trade payables.

Receivables slightly increased to ₱267.8 million from ₱210.9 million, mainly from gold and lime sold this quarter.

Liabilities
Total consolidated liabilities as of March 31, 2019 decreased to ₱2,600.0 million from ₱2,689.4 million as of December 31, 2018. The increased/decreased was due to the following:

Trade and other payables, mainly payables to suppliers and contractors, decreased to ₱765.1. million from ₱858.6 million due to payment made to various suppliers and contractors.

Loans payable slightly decreased to ₱507.9 million from ₱530.7 million on account of the full settlement of Malayan Savings Bank loans.

Increased in income tax payable to ₱1.1. million from ₱0.03 million in 2018 is partly due to the minimum corporate income tax of Benguet Corporation and Arrow Freight Corporation.

Other noncurrent liabilities slightly increased to ₱455.7 million from ₱430.0 million on account of advances from nickel customer.

Equity
Stockholders Equity at year-end amounted to ₱3,877.7 million slightly lower than ₱3,938.1 million in 2018. The variance is attributed to the net loss incurred during the first quarter of this year.

Consolidated Cash Flow
The cash used by operating activities for the first quarter this year amounted to ₱184.5 million compared with ₱39.7 million cash used for the same period last year. The decreased was used to pay the trade payables.

OPERATIONAL OVERVIEW

Benguet Gold Operation (BGO) in Itogon, Benguet Province
The Acupan Gold Project (AGP) in BGO implemented an increase in milling cost of its mining contractors for the first time since 2012 from ₱2,925/ton to ₱3,332/ton to reflect the effects of the increase in excise tax from 2% to 4% under the Tax Reform for Acceleration and Inclusion (TRAIN) Act, as well as increases in costs of raw materials. For this quarter, AGP generated revenues of ₱131.3 million, significantly lower than the revenues of ₱181.3 million generated for the same period last year due to lower volume of milling tonnage resulting to lower production of gold. As a result, AGP incurred net loss of ₱4.6 million, a reversal of the reported net earnings of ₱1.08 million for the same period in 2018. AGP milled a combine 8,658 tons of ore, a 40% decrease from 14,470 tons of ore milled for the same period last year. Gold production for the quarter totaled 1,932 ounces, lower than the 2,660 ounces of gold produced last year. The average grade of ore milled of 6.94 grams of gold per ton during the quarter was higher compared to 5.72 grams of gold per ton for the same period last year. Average milling rate for to-date March 2019 totaled 96 tons per day (tpd), lower compared to 161 tpd for the same period last year. Gold was sold at an effective average price of US$1,302.72 per ounce this quarter versus effective average price of US$1,330.28 per ounce for the same period last year.

The Company continued mine development works and clearing activities to access better grade at L1500 and L1700 to improve the viability of AGP. During the quarter, a subsequent surveillance ISO audits conducted by TUVR saw BGO passing with zero (0) non-conformities or non-compliances. The DENR Cancellation Order dated February 8, 2017 cancelling the Company's authority to undertake mining operation under the Patent Claim PC-ACMP-002-CAR has been appealed to the Office of the President (OP) on February 22, 2017 and implementation of the appealed order is stayed pending decision of the OP.

Benguet Antamok Gold Operation (BAGO) in Itogon, Benguet Province
The Company has formally submitted for approval of the MGB the Antamok Final Mine Rehabilitation and Decommissioning Plan (FMRDP). BAGO's operations were suspended in 1998 after several attempts to re-start mining did not prove viable due to low price of gold. The aim of the FMRDP is principally to mitigate environmental risks, rehabilitate disturbed areas, regulate the activities of small scale miners which has proliferated in the area, and provide a sustainable final land use for the community. In 2018, the Company has spent a total of ₱6.8 million for the rehabilitation of some of the major infrastructure in Antamok based on the submitted plans in the FMRDP proposal. Aside from revegetation, repair, and stabilization of the infrastructures, the FMRDP also includes long-term programs such as the Ecological Solid Waste Management Project with Temporary Residual Containment Area (TRCA), Waste to Energy (WtE) facilities; the Eco-tourism Water Park Project; and the Minahang Bayan (MB). Last December 27, 2018, the Provincial Mining Regulatory Board (PMRB) of the Cordillera Administrative Region (CAR) declared the Company's proposed area as Minahang Bayan after getting clearance from the DENR. This now allows the organizations of small-scale miners to apply for small-mining contracts in the Minahan Bayan area. Once approved, small-scale mining in the area will now be subject to the compliance measures implemented by the regulatory agencies.

Sta. Cruz Nickel Project (SCNP) in Zambales Province
The Company's nickel business under its wholly owned subsidiary, Benguetcorp Nickel Mines, Inc. (BNMI), operating the SCNP, has remained suspended pending the results of the audit conducted by the Mining Industry Coordinating Council (MICC). BNMI continued to implement environmental rehabilitation programs including the Temporary Revegetation Program (TRP) of the Department of Environment and Natural Resources (DENR) under its Department Administrative Order (DAO) 2018-19. Since 2009, BNMI planted 1.818 million seedlings of various plant species all over its tenement at 95% survival rate.

The regulatory agencies have allowed BNMI to haul and ship its remaining ore inventory to avoid environmental risks which the stockpiles may pose during the rainy season. On July 31, 2018, BNMI has been issued ISO 14001:2015 Certification on Environmental Management System with scope of Stockpile Nickel Ore Transport and Port Loading which allowed it to remove and sell the existing stockpiles at mine site. Given favorable market price, BNMI will continue to market its saleable stockpiled nickel ores. Shipment is nil for the quarter as compared to last year's shipment of 2 boatloads nickel with an aggregate volume of 108,635 tons ore grading 1.38% Ni at average price of US$20.00 per ton. BNMI incurred a net loss of ₱54.9 million this quarter, higher compared to ₱33.9 million net loss for the same period in 2018.

The DENR Cancellation Order dated February 8, 2017 cancelling BNMI's Mineral Production Sharing Agreement No. 226-2005-111 has been appealed to the Office of the President (OP) on February 22, 2017 and implementation of the appealed order is stayed pending decision of the OP.

Irisan Lime Project (ILP) in Baguio City
The Company's ILP generated net earnings of ₱6.2 million for the quarter, higher than the net earnings of ₱4.31 million posted for the same period last year. This was due to higher sales volume of 3,134 tons for the quarter as compared to 2,408 tons for the same period in 2018.

EXPLORATION, RESEARCH AND DEVELOPMENT

The Company continues exploration and geological evaluation of potential mountain rock deposits for rock aggregates inside Pantingan's MPSA No. 154-2000-III mineral tenement and outside the watershed area located in Bataan Province. Thus far, results of the geological evaluation and physical laboratory tests of samples indicated that the rock units identified hosting Block 1 and Block 3 indicated good and potential sources for coarse rock aggregate materials that can be used in all types of construction.

SUBSIDIARIES AND AFFILIATES

i. LOGISTICS

- Arrow Freight Corporation (AFC), the logistics provider of the Company, reported net loss of ₱1.0 million this quarter, as compared to the net earnings of ₱0.29 million for the same period last year due to suspension of mining activities of its major client, BNMI. AFC was able to firm up its expanded services outside of nickel through aggregates and vibro-sand truck delivery. It is currently undertaking lahar sand hauling activity in Pampanga with G24 Construction.

- Keystone Port Logistics and Management Services Corporation (KPLMSC), the port and barging services provider of the Company, reported net loss of ₱1.5 million this quarter, as compared to the net earnings of ₱3.2 million for the same period last year. Tonnage handled is nil for this quarter as compared to 108,635 wmt total volume shipped out for the same period in 2018.

ii. REAL ESTATE

- BMC Forestry Corporation (BFC), the real estate arm of the Company continues to develop and sell subdivision lots in its real estate project in Rosario, La Union, Woodspark Subdivision which reported a net earnings of ₱2.3 million this quarter, higher compared to the net earnings of ₱95.5 thousand for the same period last year. To-date lot sold and dacioned totaled to 290 lots with an aggregate area of 42,446 square meters valued at ₱86.73 million. BFC continues to collect monthly amortizations and sell the remaining 4 lots with an aggregate area of 1,403 square meters valued at P5.06 million.

iii. HEALTHCARE

- BenguetCorp Laboratories, Inc. (BCLI), the healthcare and diagnostics services provider of the Company reported net loss of ₱2.3 million this quarter of operations, lower as compared to the net loss of ₱6.3 million for the same period last year due to higher revenues of ₱15.7 million this quarter, versus ₱14.9 million for the same period last year. BCLI continued to serve its core customers and the HMOs (Health Maintenance Organization) in all of its clinics in Baguio, Taytay, and San Fernando-Pampanga.

iv. BenguetCorp International Limited (BIL), the Company's Hongkong-based and 100% owned subsidiary for international operations, remains largely inactive. BIL's wholly-owned subsidiaries, BenguetCorp Canada Limited (BCL) in Vancouver, B.C. and BenguetCorp USA Limited (BUSA) in Nevada, U.S.A. continue to hold interests in mining properties in Royston Hills, Nevada, which are currently being offered for sale to interested parties.

B. 2018 FIRST QUARTER Vs. 2017 FIRST QUARTER

CONSOLIDATED RESULTS OF OPERATIONS

Consolidated net loss in the first quarter of 2018 amounted to P36.5 million, higher from the P18.6 million net loss for the same period in 2017. The increase/decrease in net loss was the net effect of the following:

Revenues

The Company registered consolidated revenues of P336.4 million in the 1st quarter of 2017, 26% higher than the P266.0 million reported for the same quarter in 2017. The positive variance is attributed to the higher gold and nickel revenue. For the quarter, the Company sold 2,660 ounces of gold at US$1,330.28/ounce compared to 2,387 ounces of gold at US$1,222.44/ounce for the same period in 2017. BNMI, on the other hand, shipped-out two boatloads of nickel ore during the quarter with an aggregate volume of 108,635 tons at an average price of $20/ton as compared to the one boatload with an aggregate volume of 53,500 at an average price of $25/ton for the same period in 2017.

Operating and Other Expenses

Cost and operating expenses in the 1st quarter of 2018 increased by 32% to P357.2 million from P270.2 million for the same quarter in 2017 mainly due to increase in cost of mine products sold by 50% or P72.6 million and selling and general expenses by 9% or P8.7 million.

Other expense in the 1st quarter of 2018 amounted to P11.0 million slightly higher than the P10.3 million for the same quarter in 2017.

Provision for income tax of P3.1 million in the first quarter of 2018 pertains to the minimum corporate income tax of BC (Parent company), Benguetcorp Nickel Mines, Inc. (BNMI) Arrow Freight Corporation (AFC) and Keystone Port Logistics and Management Services Corporation (Keystone).

FINANCIAL POSITION

Assets
The Company ended the first quarter of 2018 with consolidated total assets of P6.5 billion, slightly lower than P6.6 billion in 2017. The slight increase is the net effect of the following:

Cash and cash equivalent decreased by 35% or P23.0 million mainly from cash used in operation and amortization of loan payables.

Receivables slightly increased to P774.7 million from P761.7 million, mainly from nickel ore shipped in the 1st quarter 2018.

Inventories decreased by P31.1 million on account of the two boatloads of nickel ore stockpile sold in the 1st quarter 2018.

Liabilities
Total consolidated liabilities as of March 31, 2018 slightly decreased to P2,824.4 million from P2,860.7 million as of December 31, 2017. The increase/decrease was due to the following:

Trade and other payables, mainly payables to suppliers and contractors, decreased to P991.5 million from P1,028.0 million due to payment made to various suppliers and contractors.

Loans payable slightly decreased to P650.2 million from P678.6 million on account of the partial settlement of Malayan Savings Bank loans.

Income tax payable decreased by 99% due to payment of outstanding payables this quarter.

Other noncurrent liabilities increased by 16% on account of advances from nickel customer.

Equity
Stockholders Equity at year-end 2018 amounted to P3,668.1 million slightly lower than P3,704.6 million in 2017. The variance is attributed to the net loss incurred during the first quarter of this year.

Consolidated Cash Flow
The cash used by operating activities in the first quarter of 2018 amounted to P39.7 million compared with P25.2 million cash used for the same period in 2017. In the 1st quarter of 2018, the Company invested P6.5 million in other assets for the expansion of its Acupan Gold Project and used P28.3 million for the repayment of loan amortization with Malayan Bank.

Net cash from financing activities in the 1st quarter of 2018 amounted to P51.3 million on account of the cash advances from nickel customer partly offset by cash used amounting to P28.3 million for repayment of loan amortization with Malayan Bank.

OPERATIONAL OVERVIEW

Benguet Gold Operation (BGO) in Itogon, Benguet
The Company's Acupan Gold Project (AGP) in Benguet Gold Operation (BG0) reported a net earnings of ₱1.08 million in the 1st quarter 2018, a turn-around from the reported net loss of ₱2.57 million for the same period in 2017. This is mainly attributable to higher gold sold which totaled 2,660 ounces coupled with decreased administrative expenses against 2,387 ounces sold for the same period in 2017. Revenues

increased to ₱181.3 million during the 1st quarter 2018 from ₱145.7 million for the same period of 2017. Average price of gold for the period was likewise high at $1,330.28 per ounce compared to $1,222.44 per ounce for the same period in 2017. AGP milled a combined 14,470 tons with an average mill head of 5.72 grams of gold per ton in the 1st quarter 2018, as compared to a combined 11,495 tons of ore at a mill head of 6.46 grams of gold per ton for the same period in 2017. Average milling rate in March 2018 of 161 TPD is 26% higher than average milling rate of 128 TPD reported for the same period in 2017. AGP is currently firming up requirements for the renewal of ACMP contracts for another year while it continues to undertake regular and necessary mine development works and clearing activities at L1500 and L1700 which are consistent sources of good grade ores. The subsequent surveillance ISO audits conducted by TUVR in 2017 and 2018 saw BGO passing with zero (0) non-conformities or non-compliances. BGO was issued ISO:14001 (2015 version) certification on March 11, 2016 for Environmental Management System.

Benguet Antamok Gold Operation (BAGO) in Itogon, Benguet
To facilitate the implementation of a component of the proposed Final Mine Rehabilitation and Decommissioning Plan (FMRDP) of Antamok, the Company entered into Deeds of Usufruct over its patented lands with the Municipality of Itogon for the Temporary Residual Containment Area (TRCA) Project and the City of Baguio for the TRCA/Waste to Energy (WtE) Project. These initiations will assist the Local Government Unit (LGU) in their compliance with the Ecological Solid Waste Management Act (RA9003). As part of the proposed FMRDP, the Company also entered into Deed of Usufruct with the Department of Environment and Natural Resources (DENR) for Minahan Bayan areas in Antamok. BAGO suspended operations in 1998 due to low price of gold. Several attempts to revive the mine after the 1992 earthquake proved futile because the area has been encroached by small scale miners whom the Company could not turn away because the mine has become their main source of livelihood.

Sta. Cruz Nickel Project (SCNP) in Zambales Province
Benguetcorp Nickel Mines, Inc. (BNMI), the Company's wholly owned subsidiary and operator of SCNP, shipped 2 boatloads nickel ore weighing 108,635 tons with 1.38% Ni grade at average price of US$20.00 per ton in the 1st quarter 2018 against 1 boatload with an aggregate volume of 53,500 tons ore ranging from 1.3% to 1.4% nickel grade with average price of US$25.00 per ton for the same period in 2017. As a result, nickel revenues increased by 50% or ₱37.5 million from ₱75.4 million for the same period in 2017. Despite increase in revenues, BNMI incurred a net loss of ₱33.9 million, higher as compared to ₱16.7 million net loss for the same period in 2017. No mining was conducted during the quarter mainly due to the continuing regulatory issues affecting BNMI's operations which management is currently resolving. Maintenance activities were conducted in compliance with the remediation conditions set by the regulatory agencies and continuously implementing the Environmental Protection and Enhancement Programs to ensure the suspension of mining activities will not lead to environmental degradation. Ore sold were existing stockpiles from the mine site which were allowed to be removed due to environmental risk it may pose during the rainy season.

Irisan Lime Project (ILP) in Baguio City
The Company's ILP net earnings in the 1st quarter 2018 rose to ₱4.31 million from ₱2.93 million net earnings for the same period in 2017. Despite the drop in sales volume to 2,408 tons during the quarter versus 2,958 tons for the same period in 2017, earnings improved mainly due to reduction in cost and higher selling price of quicklime. On February 22, 2018, ILP secured from the Environmental Management Bureau-CAR an Environmental Compliance Certificate (ECC). The ECC covers the full operations of its three (3) kilns and increasing the annual production capacity of operation from 9,500 metric tons to 19,420 metric tons. ILP has production capacity of 1,800 tons of quicklime per month for the three (3) kilns operation.

SUBSIDIARIES AND AFFILIATES

i. LOGISTICS
   - Arrow Freight Corporation (AFC), the logistics provider of the Company, reported modest net earnings of ₱0.29 million in 2018 1st quarter, a turnaround from the net loss of ₱3.8 million for the same quarter in 2017, mainly attributed to higher volume of nickel ore hauled from its major client, BNMI. AFC is aggressively shifting to other markets to protect its earnings from the fluctuation of metal prices and the uncertainties of the mining industry. In 2017, AFC together with Benguetrade Inc., expanded its operation to include trading and delivery of aggregates to major batching plants and serving the growing construction industry.

- Keystone Port Logistics and Management Services Corporation (KPLMSC), the port and barging services provider of the Company, reported net earnings of ₱3.2 million in 2018 1st quarter, as compared to the net earnings of ₱324 thousand for the same period in 2017. The increase was mainly due to higher tonnage handled in the 1st quarter 2018. Keystone handled a total volume shipped out of 108,635 wet metric tons (wmt) for during the quarter, higher as compared to 53,500 wmt total volume shipped out for the same period in 2017.

ii. REAL ESTATE

- BMC Forestry Corporation (BFC), the real estate arm of the Company, reported net earnings of ₱95.5 thousand in 2018 1st quarter, as compared to ₱440.0 thousand net earnings for the same period in 2017 mainly due to no lot sales/reservation in the 1st quarter 2018. It continuously market subdivision lots in its real estate project called Woodspark Subdivision in Rosario, La Union. To-date lot sold and dacioned totaled to 449 lots with an aggregate area of 67,323 square meters valued at P133.5 million. BFC continues to collect monthly amortizations and sell the remaining 16 lots with an aggregate area of 5,120 square meters valued at P18.4 million.

iii. HEALTHCARE

- BenguetCorp Laboratories, Inc. (BCLI), the healthcare and diagnostics services provider of the Company reported a net loss of ₱6.3 million in 2018 1st quarter of operations, higher as compared to the net loss of ₱0.95 million for the same period in 2017 due to lower revenues of ₱14.9 million during the quarter, lower versus ₱17.2 million in 2017. BCLI successfully implemented its expansion in the City of Baguio by moving into a new clinic at SM Baguio Cyberzone with a larger and better facility. Its clinics were also recently awarded with ISO 9001: 2015 accreditation, a testament to its high professional standards in the delivery of medical diagnostics services. BCLI is geared to cater to its existing clients such as private companies and government agencies. It will penetrate new markets such as the Overseas Filipino Workers (OFW) and their dependent families with BCLI's licensing thru Philippine Overseas and Employment Administration (POEA) and Department of Health (DOH).

iv. BenguetCorp International Limited (BIL), the Company's Hongkong-based and 100% owned subsidiary for international operations, remains largely inactive. BIL's wholly-owned subsidiaries, BenguetCorp Canada Limited (BCL) in Vancouver, B.C. and BenguetCorp USA Limited (BUSA) in Nevada, U.S.A. continue to hold interests in mining properties in Royston Hills, Nevada, which are currently being offered for sale to interested parties.

I. KEY PERFORMANCE INDICATORS

1. Working Capital

   Working capital (current assets less current liabilities) and current ratio (current assets over current liabilities) measures the liquidity or debt paying ability of the Company. As of March 31, 2019, the Company current ratio is 0.89.1 versus 0.92:1 in 2018 1st quarter and 1.09:1 in 2017 1st quarter. The Company is developing the Acupan vein ore body to improve the viability of its gold operations, and its wholly owned subsidiary, BNMI, is optimistic that it can sustain the continued shipment of the remaining nickel ore stockpiles.

2. Metal Price

   The Company's revenue is largely dependent on the world market prices for gold and nickel. The favorable metal prices will also have a favorable impact on the Company's revenue. The market price of gold used by the Bangko Sentral ng Pilipinas which is based from world spot market prices provided by the London Metal Exchange for gold is the key indicator in determining the Parent Company's revenue level. The average market prices for gold sold were at US$1,302.72 per ounce this quarter, as compared in 2018 1st quarter with average price US$1,330 per ounce and US$1,222 per ounce in 2017 1st quarter. No nickel ore was sold this quarter versus US$20.00/ton in 2018 1st quarter and US$25.00/ton in 2017 1st quarter.

3. Tons Mill and Ore Grade
   Tons milled and ore grade is a key measure of operating efficiency. A lower unit production cost both in ore milled and smelting operation will result in the Company meeting, if not exceeding, its profitability targets. This quarter, tons milled were 8,658 tons of shared ore with average grade of 6.94 grams per ton gold, as compared with 14,471 tons of shared ore with average grade of 5.72 grams per ton gold in 2018 1st quarter and 11,495 tons of shared ore with average grade of 6.46 grams per ton gold in 2017 1st quarter. Gold sold this quarter were 1,932 ounces versus 2,660 ounces for the same period in 2018 and 2,387 ounces in 2017. For BNMI, no nickel ore was sold this quarter as compared to 2018 1st quarter when BNMI sold 108,635 tons nickel ore grading 1.38% Ni and 53,500 tons of nickel ore ranging from 1.3% to 1.4% Ni grade were sold in 2017 1st quarter.

4. Foreign Exchange Rate
   The Company's sales proceeds are mainly in U.S. dollars. A higher Philippine peso to U.S. dollar exchange rate means higher peso sales but would also reflect a foreign exchange loss on the restatement of the Company's dollar obligations. Conversely, a lower exchange rate reduces the Company's revenue in pesos but brings foreign exchange income on the loans. As of March 31, 2019, the peso to dollar exchange rate was at ₱52.50, as compared to ₱52.16 in 2018 and ₱50.10 in 2017. The volatility of the foreign currency exchange rates will continue to affect the Company's operations in the foreseeable future.

5. Earnings Per Share
   The earnings per share ultimately reflects the Company's financial and operational growth as a result of its performance in cost management, productivity and will provide investors comparable benchmarks relative to similar companies. The reported Company loss per share this quarter is ₱0.10, compared with the loss per share of P0.06 in 2018 and ₱0.03 in 2017.

J. <u>KNOWN TRENDS, EVENTS OR UNCERTAINTIES</u>

The Company foresees cash flow or liquidity concerns over the next twelve (12) months due to continuing suspension of BNMI's mining operation resulting from regulatory issues which DENR has not yet resolved. No nickel mining was conducted during the quarter. The continued gold production from AGP, steady market of ILP's quicklime, disposal of non-performing assets, tax refunds from the Bureau of Internal Revenue (BIR) and borrowing under the available credit facilities will generate adequate cash for the Company to meet its minimum operating cash requirement. Given favorable market price, the Company is confident that its wholly owned subsidiary, BNMI will continue to market its saleable stockpiled nickel ores. On July 31, 2018, BNMI has been issued ISO 14001:2015 Certification with scope of Stockpile Nickel Ore Transport and Port Loading which allowed it to remove and sell the existing stockpiles at mine site. The Company is confident that its wholly owned subsidiary, BNMI will be able to sell its saleable stockpiles within this year.

There is no known event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation that have not been booked, although the Company could be contingently liable for lawsuits and claims arising from the ordinary course of business which are not presently determinable. As of March 31, 2019, the consolidated total outstanding principal loans payable amounted to ₱270.1 million. The Company remains committed to a final and comprehensive settlement of all the old debt or to arrange a suitable restructuring of the remaining obligations.

There is no material off-balance sheet transactions, arrangement, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities of other persons created during the reporting period.

As of March 31, 2019, except for what has been discussed and noted above, there are no material events or uncertainties known to management that had material impact on past performance, or that would have a material impact on future operations, in respect of the following:

- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;

- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- Significant elements of income or loss that did not arise from the Company's continuing operations;
- Material changes in the financial statements of the Company and
- Seasonal aspects that had a material impact on the Company's financial condition or results of operations.

PART II--OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

There are no other information for this interim period not previously reported in a report on SEC Form 17-C.

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, in the City of Makati on May 20, 2019.

Issuer........................**BENGUET CORPORATION**..
By:

Signature and Title: **HERMOGENE H. REAL**
Corporate Secretary

Signature and Title: **LINA G. FERNANDEZ**
Senior Vice President
Finance & Comptroller

BENGUET CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF MARCH 31, 2019 AND DECEMBER 31, 2018

(Amounts in Thousands)

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	**₱105,763**	₱302,118
Trade and other receivables	**267,812**	210,872
Inventories	**126,721**	128,999
Other current assets	**630,260**	632,107
Total Current Assets	**1,130,556**	1,274,096
Asset classified as held for sale	**4,130**	4,130
	1,134,686	1,278,226
Noncurrent Assets		
Property, plant and equipment	**2,107,741**	2,200,682
Financial assets measured at fair value through other comprehensive income (FVOCI)	**11,498**	10,798
Deferred mine exploration costs	**539,228**	538,998
Investment property	**2,300,622**	2,217,566
Deferred tax assets - net	**73,591**	73,591
Other noncurrent assets	**310,279**	307,616
Total Noncurrent Assets	**5,342,959**	5,349,251
TOTAL ASSETS	**₱6,477,645**	₱6,627,477
LIABILITIES AND EQUITY		
Current Liabilities		
Loans payable	**₱507,893**	₱530,670
Trade and other payables	**765,133**	858,586
Income tax payable	**1,130**	28
Total Current Liabilities	**1,274,156**	1,389,284
Noncurrent Liabilities		
Deferred income tax liabilities - net	**725,721**	725,721
Liability for mine rehabilitation	**90,329**	90,329
Pension liability	**54,127**	54,127
Other noncurrent liabilities	**455,660**	429,953
Total Noncurrent Liabilities	**1,325,837**	1,300,130
Total Liabilities	**2,599,993**	2,689,414
Equity		
Capital stock	**616,863**	616,863
Capital surplus	**376,964**	376,964
Other components of equity	**922,839**	922,693
Retained earnings	**1,969,002**	2,029,559
	3,885,668	3,946,079
Cost of 116,023 shares held in treasury, ₱69 per share	**(8,016)**	(8,016)
Total Equity	**3,877,652**	3,938,063
TOTAL LIABILITIES AND EQUITY	**₱6,477,645**	₱6,627,477

BENGUET CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2019
(With Comparative Figures for the three months ended March 31, 2018)
(Amounts in Thousands)

	THREE MONTHS ENDED MARCH 31	
	2019	2018
REVENUES	**₱186,524**	₱336,385
COSTS AND OPERATING EXPENSES		
Costs of mine products sold	**105,148**	216,979
Costs of merchandise sold and services	**6,871**	22,374
Selling and general	**123,309**	100,961
Taxes on revenue	**5,353**	16,921
	240,681	357,235
LOSS FROM OPERATIONS	**(54,157)**	(20,850)
INTEREST EXPENSE	**406**	1,590
OTHER INCOME (EXPENSES)		
Interest income	**1,003**	102
Foreign exchange gains (losses) – net	**386**	(9,876)
Miscellaneous - net	**(5,016)**	(1,185)
	(3,627)	(10,959)
LOSS BEFORE INCOME TAX	**(58,190)**	(33,399)
PROVISION FOR INCOME TAX	**2,367**	3,066
NET LOSS	**(₱60,557)**	(₱36,465)
BASIC AND DILUTED LOSS PER SHARE	**(₱0.10)**	(₱0.06)

BENGUET CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2019

(With Comparative Figures for the three months ended March 31, 2018)

(Amounts in Thousands)

	THREE MONTHS ENDED MARCH 31	
	2019	2018
NET LOSS	**(₱60,557)**	(₱36,465)
OTHER COMPREHENSIVE INCOME (LOSS)		
Items to be reclassified to profit or loss in subsequent periods:		
Translation adjustment on foreign subsidiaries	**6**	(154)
Items not to be reclassified to profit or loss in subsequent periods:		
Unrealized gain on equity instruments designated at FVOCI	**140**	32
OTHER COMPREHENSIVE INCOME (LOSS)	**146**	(122)
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱60,411)**	(₱36,587)

BENGUET CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2019
(With Comparative Figures for the three months ended March 31, 2018)
(Amounts in Thousands)

	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)	December 31, 2018 (Audited)
CAPITAL STOCK	**₱616,863**	₱616,863	₱616,863
CAPITAL SURPLUS	**376,964**	375,726	376,964
REVALUATION INCREMENT	**839,669**	720,428	839,669
CUMULATIVE TRANSLATION ADJUSTMENT			
Balance at beginning of period	**32,721**	32,848	32,848
Translation adjustment	**6**	(154)	(127)
Balance at end of period	**32,727**	32,694	32,721
COST OF SHARE-BASED PAYMENT			
Balance at beginning of period	**25,089**	26,327	26,327
Cancellation of stock options	**–**	–	(1,238)
Balance at end of period	**25,089**	26,327	25,089
UNREALIZED GAIN ON FINANCIAL ASSETS AT FVOCI			
Balance at beginning of period	**1,013**	1,059	1,059
Transfer of fair value reserve on disposed financial assets at FVOCI	**–**	–	(382)
Other comprehensive income (loss)	**140**	32	336
Balance at end of period	**1,153**	1,091	1,013
REMEASUREMENT LOSS ON PENSION LIABILITY	**24,201**	29,274	24,201
RETAINED EARNINGS			
Balance at beginning of period	**2,029,559**	1,910,135	1,910,135
Transfer of fair value reserve on disposed financial assets at FVOCI	**–**	–	382
Net income (loss) for the period	**(60,557)**	(36,465)	119,042
Balance at end of period	**1,969,002**	1,873,670	2,029,559
TREASURY SHARES	**(8,016)**	(8,016)	(8,016)
TOTAL EQUITY	**₱3,877,652**	₱3,668,057	₱3,938,063

BENGUET CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2019
(With Comparative Figures for the three months ended March 31, 2018)
(Amounts in Thousands)

	THREE MONTHS ENDED MARCH 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	**(₱60,557)**	(₱33,399)
Adjustments for:		
Depreciation, depletion and amortization	**20,964**	19,250
Unrealized foreign exchange gains - net	**229**	–
Gain on sale of property, plant and equipment	**–**	19
Decrease (increase) in:		
Trade and other receivables	**(56,940)**	(13,138)
Inventories	**2,278**	31,155
Prepaid expenses and other current assets	**2,949**	(7,029)
Decrease in trade and other payables	**(93,453)**	(36,559)
Net cash used in operating activities	**(184,530)**	(39,701)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in:		
Property, plant and equipment	**(11,079)**	280
Financial assets measured at fair value through other comprehensive income (FVOCI)	**(560)**	–
Deferred exploration costs	**(230)**	(66)
Other assets	**(2,663)**	(6,479)
Net cash used in investing activities	**(14,532)**	(6,265)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net availment (repayment) of loans payable	**(23,000)**	(28,334)
Increase in other noncurrent liabilities	**25,707**	51,282
Net cash from financing activities	**2,707**	22,948
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(196,355)**	(23,018)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**302,118**	64,528
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱105,763**	₱41,510

BENGUET CORPORATION AND SUBSIDIARIES

EARNINGS PER SHARE COMPUTATION

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

(Amounts in Thousands, Except for the Number of Shares)

	March 31	
	2019	2018
Net loss	**(₱60,557)**	(₱36,465)

Number of shares for computation of:

	March 31	
	2019	2018
Basic earnings per share		
Weighted average common shares issued	**616,119,252**	615,824,127
Less treasury stock	**348,069**	348,069
Weighted average common shares outstanding	**615,771,183**	615,476,058
Diluted earnings per share		
Weighted average common shares issued	**616,119,252**	615,824,127
Less treasury stock	**348,069**	348,069
	615,771,183	615,476,058
Conversion of preferred stock	**–**	–
	615,771,183	615,476,058
Basic earnings (loss) per share	**(₱0.10)**	(₱0.06)
Diluted earnings (loss) per share	**(₱0.10)**	(₱0.06)

BENGUET CORPORATION AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

	March 31	
	2019	2018
Profitability Ratio		
Return on asset	**(0.01):1**	(0.01):1
Return on equity	**(0.02):1**	(0.01):1
Gross profit margin	**0.40:1**	0.29:1
Operating profit margin	**(0.29):1**	(0.06):1
Net profit margin	**(0.32):1**	(0.11):1
Liquidity and Solvency Ratio		
Current ratio	**0.89:1**	1.13:1
Quick ratio	**0.29:1**	0.50:1
Solvency ratio	**2.49:1**	2.30:1
Financial Leverage Ratio		
Asset to equity ratio	**1.67:1**	1.77:1
Debt ratio	**0.40:1**	0.44:1
Debt to equity ratio	**0.67:1**	0.77:1
Interest coverage ratio	**142.33:1**	20.01:1

BENGUET CORPORATION AND SUBSIDIARIES

AGING OF RECEIVABLES

AS OF MARCH 31, 2019
(Amounts in Thousands)

TYPE OF RECEIVABLES	LESS THAN 30 DAYS	30 TO 60 DAYS	LESS THAN ONE YEAR	ONE TO TWO YEARS	THREE TO FIVE YEARS	MORE THAN FIVE YEARS	TOTAL
Trade receivables	₱4,257	₱2,687	₱14,268	₱24,933	₱93,112	₱13,227	₱192,683
Allowance for doubtful accounts	–	–	–	–	–	(13,227)	(5,798)
Trade receivables – net	4,257	2,687	14,268	24,933	93,112	–	139,257
Nontrade receivables:							
Officers and employees	–	19,194	2,750	3,235	12,045	91,025	128,249
Others	–	2,000	11,299	–	11,660	104,957	129,916
Total	–	21,194	14,049	3,235	23,705	195,982	258,165
Allowance for doubtful accounts	–	–	–	–	–	(129,610)	(129,610)
Nontrade receivables - net	–	21,194	14,049	3,235	23,705	66,372	128,555
Trade and other receivables - net	₱4,257	₱23,881	₱28,317	₱28,168	₱116,817	₱66,372	₱267,812

BENGUET CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

1. **Corporate Information**

Benguet Corporation (BC; the Parent Company) was incorporated in the Philippines on August 12, 1903.

On June 18, 1956 and June 19, 2006, the Philippine Securities and Exchange Commission (SEC) approved the extension of its corporate life for another fifty (50) years. BC is engaged in chromite, gold, and other metallic and nonmetallic mineral production, exploration, research and development and natural resource projects.

2. **Summary of Significant Accounting Policies**

Basis of Preparation
The unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis, except for land at revalued amounts and AFS investments and investment property, which are measured at fair value. The unaudited interim condensed consolidated financial statements are presented in Philippine peso, the Company's functional currency under Philippine Financial Reporting Standards (PFRS) and as adopted by the Philippine SEC. All amounts are rounded to the nearest thousands (₱000), except when otherwise indicated.

Statement of Compliance
The unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited interim condensed consolidated financial statements of Benguet Corporation (the Company) and its subsidiaries (the Group) do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2018.

Changes in Accounting Standards and Interpretation
Effective January 1, 2019
- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
- PFRS 16, *Leases*
- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*
- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*
- *Annual Improvements to PFRSs* 2015-2017 Cycle
    - Amendments to PFRS 3, *Business Combinations,* and PFRS 11, *Joint Arrangements*, *Previously Held Interest in a Joint Operation*
    - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
    - Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance.

Financial Instruments

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI and FVPL.

Contractual cash flow characteristics

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Business model

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group's financial assets at amortized cost include trade and other receivables, lessees from bunkhouses, loans receivable under "Trade and Other Receivables" and nontrade advances under Other Noncurrent Assets

Financial assets designated at FVOCI (equity instruments)

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

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

The Group elected to classify irrevocably its UITF and quoted shares under this category.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and 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.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Payables

This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations (e.g., accounts payable, accrued liabilities). Payables are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the EIR method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

This accounting policy applies to the Group's trade payables and accrued expenses, and equity of claim owners on contract operations under other noncurrent liabilities.

Loans and borrowings

After initial measurement, loans and borrowings are measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are integral part of the EIR.

This category generally applies to the Group's loans payable (see Note 14).

Derecognition of Financial Assets and Liabilities

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) is primarily derecognized (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group 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 Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset in measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

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

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (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 trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognized a loss allowance based on lifetime ECL 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 90 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.

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

The Group 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 Group and all of the counterparties.

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 best economic 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 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 consolidated 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 consolidated 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 asset or liability and the level of the fair value hierarchy as explained above.

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3. Summary of Significant Accounting Judgments, Estimates and Assumptions

The preparation of the unaudited interim condensed consolidated financial statements in accordance with PFRS requires the Group to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Estimates and assumptions 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made following judgments, which have the most significant effect on the amounts recognized in the interim condensed consolidated financial statements.

Determining Functional Currency
The Parent Company, based on the relevant economic substance of the underlying circumstances, has determined the functional currency of each entity, except for foreign subsidiaries, under the Group to be the Philippine peso. It is the currency of the primary economic environment in which the Group primarily operates.

Determining the Group's Business Model
The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.

The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

Assessing Provisions and Contingencies
The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. The Group assessed that these proceedings will not have a material adverse effect on its financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

Distinction between Investment Property and Owner-Occupied Property
The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property is not occupied substantially for use by, or in operations of the Group, not for sale in the ordinary course of business, but is held primarily to earn rental income or capital appreciation. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the production or supply process. Management concluded that some of its parcels of land at Irisan, Baguio City and Itogon, Benguet are investment properties.

Principal versus agent considerations
The Group enters into contracts with customers wherein the Group charges the customers for the services rendered. The Group determined that it does not control the goods or services before they are transferred to customers, and it does not have the ability to direct the use of the services or obtain benefits from the services. The following factors indicate that the Group does not control the services before they are being transferred to customers. Therefore, the Group determined that it is an agent in these contracts.

- The Group is not primarily responsible for fulfilling the promise to provide the professional services.
- The Group has no discretion in establishing the price for the services provided. The Group's consideration in these contracts is only based on the difference between the Group and the customer.

The Group determined that it is an agent with respect to the professional fees of its tenant doctors. Meanwhile, the Group concluded that it is the principal in all its other revenue streams.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year, are discussed below. The Group based its assumptions and estimates on parameters available when the interim condensed consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when these occur.

Provision for expected credit losses on Trade and Other Receivables

The Group uses the general approach model as new impairment requirement of PFRS 9 about ECL, which replaced the PAS 39 incurred loss model. An assessment of the ECL relating to trade and other receivables is undertaken upon initial recognition and each financial year. The simplified general approach of the ECL impairment model involves exercise of significant judgment. Key areas of judgment include: defining default, determining assumptions to be used such as timing and amounts of expected net recoveries from defaulted accounts, determining debtor's capacity to pay, and incorporating forward looking information.

The carrying amount of trade and other receivables amounted to ₱267,812 and ₱210,872 as at March 31, 2019 and December 31, 2018, respectively.

Estimating Ore Reserves

Ore reserves estimates are, to a large extent, based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies. The Group estimates its ore reserves based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data. The Group also makes estimates and assumptions regarding a number of economic and technical factors affecting ore reserves estimates, such as production rates, grades, foreign exchange rates, production and transport costs, and commodity prices.

These geological, economic and technical estimates and assumptions may change in the future in ways, which can affect the quality and quantity of the ore reserves. The Group reviews and updates estimates as required to reflect actual production, new exploration data or developments and changes in other assumptions or parameters. These estimates will change from time to time to reflect mining activities, analyses of new engineering and geological data, changes in ore reserve and mineral resource holdings, modifications of mining plans or methods, changes in nickel or gold prices or production costs, and other factors.

Changes in the ore reserves estimates may impact the carrying values of property, plant and equipment, provision for mine rehabilitation and decommissioning and depletion charges.

Assessing Recoverability of Deferred Mine Exploration Costs

The Group reviews the recoverability of deferred mine exploration costs when events or changes in circumstances indicate that the carrying amount of deferred mine exploration costs may exceed its estimated recoverable amount. The Group considers the following factors, among others, in its assessment:

- Status of each mine exploration project and plans on exploration and evaluation activities
- Validity of the licenses, permits and correspondences related to each mine exploration project
- Plans to abandon existing mine areas and plans to discontinue exploration activities
- Availability of information suggesting that the recovery of expenditure is unlikely

As at March 31, 2019 and December 31, 2018, deferred mine exploration costs amounted to ₱539,228 and ₱538,998, respectively.

Estimating Recoverability of Property, Plant and Equipment
The Group assesses impairment on property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable.
The factors that the Group considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results
- Significant changes in the manner of use of the acquired assets or the strategy for overall business, and
- Significant negative industry or economic trends

In determining the present value of estimated future cash flows expected to be generated from the continued use of the property, plant and equipment, the Group is required to make estimates and assumptions such as commodity prices, discount rates and foreign currency exchange rates, which can materially affect the consolidated financial statements. Commodity prices and foreign exchange rates are based on forecasts of various financial institutions while the discount rate is based on industry weighted average cost of capital.

An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable. For purposes of assessing impairment, property, plant and equipment are grouped at the lowest levels for which there are separately identifiable cash flows. An impairment loss is recognized and charged to earnings if the discounted expected future cash flows are less than the carrying amount. Fair value is estimated by discounting the expected future cash flows using a discount factor that reflects the market rate for a term consistent with the period of expected cash flows.

As at March 31, 2019 and December 31, 2018, property, plant and equipment (at revalued amount and at cost) amounted to ₱2,107,741 and ₱2,200,682, respectively
.

Estimating Allowance for Inventory Obsolescence
The Group maintains allowance for inventory losses at a level considered adequate to reflect the excess of cost of inventories over their NRV. NRV of inventories are assessed regularly based on prevailing estimated selling prices of inventories and the corresponding cost of disposal. Increase in the NRV of inventories will increase cost of inventories but only to the extent of their original acquisition costs. As at March 31, 2019 and December 31, 2018, the carrying value of inventories amounted to ₱126,721 and ₱128,999, respectively.

Assessing Impairment of Other Current and Noncurrent Assets
The Group provides allowance for impairment losses on other current and noncurrent assets when these can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for probable loss would increase recorded expenses and decrease other current and noncurrent assets.

The total carrying value of other current assets and other noncurrent assets amounted to ₱940,539 and ₱939,723 as at March 31, 2019 and December 31, 2018, respectively.

Revaluation of property, plant and equipment and investment properties
The Group carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statement of income. In addition, it measures the land and artworks at revalued amounts, with changes in fair value being recognized in the consolidated statements of comprehensive income. The land, artworks and investment properties were valued using the sales comparison approach. The determination of the fair values of these properties involves significant management judgment and estimations. The valuation also requires the assistance of external appraisers whose calculations also depend on certain assumptions, such as sales and listing of comparable properties registered within the vicinity and adjustments to sales price based on internal and external factors. As at March 31, 2019 and December 31, 2018, the appraised value of land and artworks, and investment properties amounted to ₱3,454,037.

Estimating Liability for Mine Rehabilitation
The Group estimates the costs of mine rehabilitation based on previous experience in rehabilitating fully mined areas in sections of the mine site. These costs are adjusted for inflation factor based on the average annual inflation rate as of adoption date or re-evaluation of the asset dismantlement, removal or restoration costs. Such adjusted costs are then measured at present value using the market interest rate for a comparable instrument adjusted for the Group's credit standing. While management believes that its assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Group's liability for mine rehabilitation. Liability for mine rehabilitation amounted to ₱90,329 as at March 31, 2019 and December 31, 2018.

Estimating Cost of Share-Based Payment
The Parent Company's Nonqualified Stock Option Plan grants qualified participants the right to purchase common shares of the Parent Company at a grant price. The ESOIP recognizes the services received from the eligible employees and an equivalent adjustment to the equity account over the vesting period. The Parent Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in the annual consolidated financial statements. While management believes that the estimates and assumptions used are reasonable and appropriate, significant differences in actual experience or significant changes in the estimates and assumptions may materially affect the stock compensation costs charged to operations. Cost of share-based payment amounted to ₱25,089 as at March 31, 2019 and December 31, 2018.

Estimating Pension Benefits
The cost of defined benefit pension and other post-employment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at the end of each reporting period. Net pension liability of the Parent Company amounted to ₱52,308 as at March 31, 2019 and December 31, 2018. Net pension liability of AFC amounted to ₱1,819 as at March 31, 2019 and December 31, 2018.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the Philippines and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the Philippines.

Assessing Realizability of Deferred Tax Assets
The Group reviews the carrying amounts of deferred tax assets at each end of the reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group recognized net deferred tax assets amounting to ₱77,074 as at March 31, 2019 and December 31, 2018. The Group has unused NOLCO, MCIT and deductible temporary differences amounting to ₱935,261 as at March 31, 2019 and December 31, 2018 for which deferred tax assets were not recognized as it is not probable that sufficient future taxable profits will be available against which the benefit of the deferred tax assets can be utilized.

4. Financial Risk Management Objectives and Policies

The Group's principal financial instruments pertain to unsecured and secured bank loans. The main purpose of these financial instruments is to fund the Group's operations. The Group has other financial instruments such as cash and cash equivalents, trade receivables, receivable from lessees of bunkhouses, loans receivable under trade and other receivables, advances under other noncurrent assets trade and accrued expenses under trade and other payables and obligations under finance lease, which arise directly from its operations. Other financial assets include FVOCI and AFS financial assets.

The significant risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk. The BOD reviews and agrees policies for managing each of these risks and these are summarized below.

Liquidity Risk
Liquidity risk arises from the possibility that the Group may encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and availment of suppliers' credit. The long-term relationship of the Group to its suppliers gives it the advantage to negotiate the payment terms.

As part of its liquidity risk management, the Group has access to sufficient external funding (bank credit lines) and loans payable maturing within 12 months can be rolled over with existing lenders. It also continuously assesses conditions in the financial markets for opportunities to avail bank loans and capital market issues. Accordingly, its loan maturity profile is regularly reviewed to ensure availability of funding through an adequate amount of credit facilities with financial institutions.

As at March 31, 2019 and December 31, 2018, cash and cash equivalents may be withdrawn anytime while quoted FVOCI and AFS financial assets may be converted to cash by selling them during the normal trading hours in any business day.

The tables below summarize the aging analysis of the Group's financial assets and the maturity profile of the Group's financial liabilities as at March 31, 2019 and December 31, 2018.

March 31, 2019	**On demand**	**0-90 days**	**More than 90 days**	**More than one year**	**Total**
Cash and cash equivalents					
Cash in banks	**₱104,839**	**₱–**	**₱–**	**₱–**	**₱104,839**
Short-term deposits	**58**	**–**	**–**	**–**	**58**
Trade and other receivables					
Trade	**152,484**	**–**	**–**	**–**	**152,484**
Receivables from lessees of bunkhouses	**–**	**–**	**3,643**	**–**	**3,643**
Loan receivable	**–**	**–**	**–**	**49,763**	**49,763**
Advances under other noncurrent assets	**–**	**–**	**–**	**422,988**	**422,988**
FVOCI					
UITF	**–**	**–**	**–**	**10,978**	**10,978**
Quoted shares	**–**	**–**	**–**	**520**	**520**
Total	**₱257,381**	**₱–**	**₱3,643**	**₱484,249**	**₱745,273**
Loans payable	**₱507,893**	**₱–**	**₱–**	**₱–**	**₱507,893**
Trade and other payables					
Trade	**532,820**	**–**	**–**	**–**	**532,820**
Accrued expenses	**36,681**	**–**	**–**	**–**	**36,681**
Other noncurrent liabilities					
Equity of claimowner in contract operations	**–**	**–**	**–**	**49,136**	**49,136**
Total	**₱1,077,394**	**₱–**	**₱–**	**₱49,136**	**₱ 1,126,530**

December 31, 2018	On demand	0-90 days	More than 90 days	More than one year	Total
Cash and cash equivalents					
Cash in banks	₱300,878	₱–	₱–	₱–	₱300,878
Short-term deposits	58	–	–	–	58
Trade and other receivables					
Trade	137,305	–	–	–	137,305
Receivables from lessees of bunkhouses	–	–	2,867	–	2,867
Loan receivable	–	–	–	49,763	49,763
Advances under other noncurrent assets	–	–	–	422,988	422,988
FVOCI					
UITF	–	–	–	10,278	10,278
Quoted shares	–	–	–	520	520
Total	₱438,241	₱–	₱2,867	₱483,549	₱924,657
Loans payable	₱322,893	₱–	₱207,777	₱–	₱530,670
Trade and other payables					
Trade	283,818	–	324,894	–	608,712
Accrued expenses	14,859	–	23,843	–	38,702
Other noncurrent liabilities					
Equity of claimowner in contract operations	–	–	–	49,136	49,136
Total	₱621,570	₱–	₱556,514	₱49,136	₱1,227,220

Credit Risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations as these falls due. It is inherent to the business that potential losses may arise due to the failure of its customers and counterparties to fulfill their obligations on maturity dates or due to adverse market conditions.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

With respect to credit risk arising from other financial assets of the Group, which comprise of cash and cash equivalents, trade receivables, nontrade, receivables from lessees of bunkhouses and loans receivable under trade and other receivables, advances under other noncurrent assets, FVOCI and AFS financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognized third parties, there is no requirement for collateral. The table below shows the maximum exposure to credit risk for the components of the consolidated statements of financial position. The maximum exposure is shown at gross amount, before the effect of mitigation through the use of master netting and collateral agreements.

	March 31, 2019	December 31, 2018
Cash and cash equivalents		
Cash in banks	**₱104,839**	₱300,878
Short-term deposits	**58**	58
Trade and other receivables		
Trade	**152,484**	137,305
Receivables from lessees of bunkhouses	**3,643**	2,867
Loan receivable	**49,763**	49,763
Advances under other noncurrent assets	**422,988**	422,988
FVOCI		
UITF	**10,978**	10,278
Quoted shares	**520**	520
	₱745,273	₱924,657

The table below shows the credit quality by class of financial assets based on the Group's rating:

March 31, 2019	**Neither past due nor impaired**		**Past due but not impaired**	**Impaired**	**Total**
	High-grade	**Standard-grade**			
Cash and cash equivalents					
Cash in banks	**₱104,839**	**₱–**	**₱–**	**₱–**	**₱104,839**
Short-term deposits	**58**	**–**	**–**	**–**	**58**
Trade and other receivables					
Trade	**126,988**	**993**	**11,276**	**13,227**	**152,484**
Receivables from lessees of bunkhouses	**–**	**–**	**3,643**	**–**	**3,643**
Loan receivable	**–**	**–**	**–**	**49,763**	**49,763**
Advances under other noncurrent assets	**–**	**–**	**272,934**	**150,054**	**422,988**
FVOCI					
UITF	**10,978**	**–**	**–**	**–**	**10,978**
Quoted shares	**520**	**–**	**–**	**–**	**520**
Total credit risk exposure	**₱243,383**	**₱993**	**₱287,853**	**₱213,044**	**₱745,273**

December 31, 2018	Neither past due nor impaired		Past due but not impaired	Impaired	Total
	High-grade	Standard-grade			
Cash and cash equivalents					
Cash in banks	₱300,878	₱–	₱–	₱–	₱300,878
Short-term deposits	58	–	–	–	58
Trade and other receivables					
Trade	111,809	993	11,276	13,227	137,305
Receivables from lessees of bunkhouses	–	–	2,867	–	2,867
Loan receivable	–	–	–	49,763	49,763
Advances under other noncurrent assets	–	–	272,934	150,054	422,988
FVOCI					
UITF	10,278	–	–	–	10,278
Quoted shares	520	–	–	–	520
Total credit risk exposure	₱423,543	₱993	₱287,077	₱213,044	₱924,657

The Group has assessed the credit quality of the following financial assets:

a. Cash and cash equivalents are assessed as high-grade since these are deposited in reputable banks, which have a low probability of default.
b. Trade receivables, which pertain mainly to receivables from sale of nickel ore, were assessed as high-grade. Included in trade receivables are receivables from sales of services, some of which were assessed as other than high-grade. These were assessed based on past collection experience and the debtors' ability to pay.
c. UITF and quoted AFS financial assets were assessed as high-grade since these are instruments from companies with good financial condition and are operating in an industry, which has potential growth.
d. Other financial assets such as receivables from lessees of bunkhouses, loans receivables, advances under other noncurrent assets and unquoted shares were assessed as standard-grade, based on past collection experience and debtors' ability to pay.

Market Risks

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates primarily to the Group's long-term debt obligations with floating interest rates.

As at March 31, 2019 and December 31, 2018, the Group's exposure to the risk for changes in market interest rate relates primarily to its secured bank loans and unsecured bank loans with floating interest rates. The Group regularly monitors its interest due to exposure from interest rates movements.

The Group's secured and unsecured loans payable are both payable on demand while other loans payable are payable within 3 years. Nominal interest rates vary from floating rate of 91-day Philippine PhP T-bill rate for peso loans and 3-month LIBOR foreign loans, plus a margin of 2.5% for unsecured loans and 3.5% for secured loans.

Equity Price Risk

Equity price risk is the risk to earnings or capital arising from changes in stock exchange indices relating to its quoted equity securities. The Group's exposure to equity price risk relates primarily to its financial assets at FVOCI.

The Group's policy is to maintain its risk to an acceptable level. Movement of share prices is monitored regularly to determine impact on the consolidated statement of financial position.

Management believes that its exposure to equity price risk is not material to the consolidated financial statements as a whole; thus, disclosure of equity price risk analysis was deemed unnecessary.

Fair Values of Financial Instruments

Fair value is defined as the amount at which a financial instrument can be exchanged in an orderly transaction between market participants at the measurement date.

Set out below is a comparison by category and class of carrying amounts and estimated fair values of the Group's significant financial assets and liabilities as at March 31, 2019 and December 31, 2018:

	Carrying amounts		Fair values	
	March 31, 2019	December 31, 2018	**March 31, 2019**	December 31, 2018
Financial Assets:				
FVOCI:				
UITF	**₱10,978**	₱10,278	**₱10,978**	₱10,278
Quoted	**520**	520	**520**	520
Unquoted	**–**	–	**–**	–
Financial Liabilities:				
Loans payable	**₱507,893**	₱530,670	**₱507,893**	₱530,670

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

Cash and Cash Equivalents, trade receivables and receivable from lessees of bunkhouses under Trade and Other Receivables, trade and accrued expenses under Trade and Other Payables, and equity of claimowner in contract operations under Other Noncurrent Liabilities.

The fair values of these instruments approximate their carrying amounts as of reporting date due to the short-term nature.

Loan Receivable

The fair value of loans receivable approximate their carrying amounts as of reporting date due to the short-term nature. Loans receivable are due and demandable.

Financial assets measured at FVOCI

The fair value of investments that are actively traded in organized markets is determined by reference to quoted market bid prices at the close of business on reporting date. The fair value of unquoted equity investments cannot be reliably measured and accordingly measured at cost, net of impairment.

As at March 31, 2019 and December 31, 2018, the Group had UITF and quoted FVOCI amounting to ₱11.5 million and ₱10.8 million, respectively, carried at fair value in the unaudited interim condensed consolidated statement of financial position. The quoted FVOCI are classified under Level 1 of the fair value hierarchy since these are based on quoted market prices or binding dealer price quotations. The Group has no financial instruments measured at fair value under Levels 2 and 3 of fair value hierarchy. There were no transfers between levels in 2019 and 2018.

Loans Payable

Where the repricing of the variable-rate interest bearing loan is frequent (i.e., three-month repricing), the carrying value approximates the fair value. The fair value of other loans payable is determined by discounting the principal using the 3-month LIBOR rate of 0.58% plus credit spread of 5.42%.

Capital Management
The Group maintains a capital base to cover risks inherent in the business. The primary objective of the Group's capital management is to optimize the use and earnings potential of the Group's resources, ensuring that the Group complies with externally imposed capital requirements, if any, and considering changes in economic conditions and the risk characteristics of the Group's activities.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may obtain additional advances from stockholders or issue new shares. No changes were made in the objectives, policies or processes in 2019 and 2018. The Group monitors capital using the parent company financial statements. As at March 31, 2019 and December 31, 2018, the Group has met its capital management objectives.

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

	March 31, 2019	December 31, 2018
Capital stock	**₱616,863**	₱616,863
Capital surplus	**376,964**	376,964
Retained earnings	**1,969,002**	2,029,559
Other components of equity	**922,839**	922,693
Treasury shares	**(8,016)**	(8,016)
	₱3,877,652	₱3,938,063

5. Seasonality and Cyclicality of Interim Operation

There are no significant seasonality or cyclicality in its business operation that would have material effect on the Groups's financial condition or results of operations.

6. Events After End of Reporting Period

There are no significant event after end of reporting period.

ADDITIONAL DISCLOSURE TO FINANCIAL STATEMENTS OF THE COMPANY
(FOR THE FIRST QUARTER ENDED MARCH 31, 2019)

i.) The disclosure on significant accounting principles, policies, and practices are substantially the same with the disclosure made in 2018 financial statements. Additional disclosures on the significant changes of accounts and subsequent events are presented in the Management Discussion and Analysis.

ii.) During the first quarter of 2019, there were no seasonal or cyclical aspects that materially affect the operation of the Company, no substantial nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, and no unusual items that materially affect the Company's assets, liabilities, equity, net income or cash flows.

iii.) Issuances, Repurchases, Repayments of Debt and Equity Securities – For the first quarter of 2019, there were no securities sold by the Company which were not registered under the Revised Securities Act (now Securities Regulation Code (SRC)) including the sales of reacquired securities, new issues, securities issued in exchange of property, services or other securities and new securities resulting from the modification of outstanding securities.

iv.) Dividends – Pursuant to the restrictions provided for in the Company's loan agreement with creditor banks, no cash dividends were declared during the first quarter 2019.

v.) Segment Information - The Company is principally engaged in mining industry. Its operating revenues as March 31, 2019 mainly consist sales of gold to Bangko Sentral Ng Pilipinas amounting to ₱131.3 million that have been reflected in the financial statements for the period.

vi.) There were no changes in the composition of the Company, business combinations, acquisition or disposal of subsidiaries and long-term investments and no substantial changes in contingent liabilities and contingent assets from 2018.