18. Income Taxes

TMEC is entitled to the following incentives under the COC:

- Exempt from all national taxes except for income tax; and
- Exempt from payment of tariff duties, compensating tax and value-added tax on importations of machinery and equipment, spare parts and materials required for the Coal Operation subject to terms and conditions in the COC.

The Group has no provision for current income tax in 2018 since it has no taxable income. Provision for current income tax in 2017 and 2016 amounting to ₱17,687 and ₱121,749, respectively, pertain to MCIT.

The Group's net deferred tax assets consist of:

	2018	2017
Deferred tax assets:		
NOLCO	**₱17,143,688**	₱15,902,534
Retirement benefits liability	**1,422,067**	1,265,893
Excess MCIT over RCIT	**139,436**	149,823
	18,705,191	17,318,250
Less unrecognized deferred tax assets	**2,890,069**	3,391,341
	15,815,122	13,926,909
Deferred tax liability -		
Retirement benefits liability attributable to exploration and evaluation asset	**1,503,501**	1,385,349
	₱14,311,621	₱12,541,560

Deferred tax assets on allowance for impairment loss and NOLCO from the Parent Company amounting to ₱2.9 million and ₱3.4 million as at December 31, 2018 and 2017, respectively, have not been recognized because management has assessed that the Group may not be able to utilize these deductible temporary differences against future tax liabilities.

As at December 31, 2018, details of the related NOLCO from the Parent Company are as follows:

Year Incurred	Balances at Beginning of Year	Incurred	Expired	Balances at End of Year	Year Expired
2018	₱–	₱2,671,126	₱–	₱2,671,126	2020
2017	3,960,942	–	–	3,960,942	2020
2016	3,001,494	–	–	3,001,494	2019
2015	4,342,034	–	4,342,034	–	2018
	₱11,304,470	₱2,671,126	₱4,342,034	₱9,633,562	

Deferred tax assets on NOLCO, retirement benefits liability and excess MCIT over RCIT from the Subsidiary aggregating ₱18.7 million and ₱17.3 million as at December 31, 2018 and 2017, respectively, were recognized by the Group.

As at December 31, 2018, details of NOLCO from TMEC are as follows:

Year Incurred	Balances at Beginning of Year	Incurred	Expired	Balances at End of Year	Year Expired
2018	₱–	₱5,808,086	₱–	₱5,808,086	2024
2017	5,709,860	–	–	5,709,860	2023
2016	6,951,892	–	–	6,951,892	2022
2015	11,453,725	–	–	11,453,725	2021
2014	8,758,932	–	–	8,758,932	2020
2013	8,829,567	–	–	8,829,567	2019
	₱41,703,976	₱5,808,086	₱–	₱47,512,062	

As at December 31, 2018, details of the TMEC's excess MCIT over RCIT are as follows:

Year Incurred	Balances at Beginning of Year	Incurred	Expired	Balances at End of Year	Year Expired
2017	₱17,687	₱–	₱–	₱17,687	2020
2016	121,749	–	–	121,749	2019
2015	10,387	–	10,387	–	2018
	₱149,823	₱–	₱10,387	₱139,436	

Section 34 (D)(3) of the Tax Code grants mining companies other than oil and gas wells to carry over net operating loss incurred in any of the first ten years of operation as a deduction from taxable income for the next six years immediately following the year of loss.

A reconciliation between the benefit from income tax based on statutory income tax rate and the effective income tax rate on income before tax is as follows:

	2018	2017	2016
Benefit from income tax at statutory tax rate	**(₱3,023,348)**	(₱2,918,280)	(₱4,795,949)
Change in unrecognized deferred tax assets	**(501,272)**	351,483	(10,576)
Expired MCIT over RCIT	**(141,621)**	528	–
Income tax effects of:			
Expired NOLCO	**1,302,610**	836,800	911,024
Nondeductible expenses	**648,240**	67,025	2,100,482
Interest income already subjected to final tax	**(54,670)**	(88,541)	(223,750)
Benefit from income tax at effective tax rate	**(₱1,770,061)**	(₱1,750,985)	(₱2,018,769)

19. Basic and Diluted Loss Per Share

Basic and diluted loss per share are computed as follows:

	2018	2017	2016
Net loss	**(₱8,307,764)**	(₱7,976,615)	(₱13,967,727)
Divided by weighted average number of common shares outstanding	**4,000,000,004**	4,000,000,004	4,000,000,004
Basic/diluted loss per share	**(₱0.002)**	(₱0.002)	(₱0.003)

Diluted loss per share equal the basic loss per share as the Group does not have any dilutive potential common shares at the end of each period.

20. Commitments and Contingencies

The Group has the following contractual commitments:

Lease Agreement
The Group has a lease agreement for its office space with its related party under common control, JTKC Equities, Inc., valid until July 31, 2015 and renewable upon mutual consent of both parties. In 2017, the Group renewed the lease agreement but with lesser area. Rental expense amounted to ₱0.8 million in 2018 and 2017, and ₱4.6 million in 2016 (see Note 12).

COCs with DOE
The Government, through the DOE, awarded COCs to TMEC. The exploration phase under the COCs is for 2 years and can be extended for another 2 years upon the approval of the DOE. The development and production phase commences when the DOE and TMEC agrees on the existence of Coal Reserves in Commercial Quantity subject to the terms and conditions in the COC. As at December 31, 2018, TMEC has two COCs (COC No. 159 and COC No. 166).

COC No. 159 covers 7,000 hectares in Davao Oriental while COC No. 166 which is located in Zamboanga, Sibugay covers 4,000 hectares. Completed activities include surface geological investigation which involves surface field geologic mapping, geodetic surveying and trenching and subsurface geologic investigation through cored diamond drilling. As at December 31, 2018 and 2017, TMEC has incurred ₱585.8 million and ₱535.0 million, respectively, for the direct implementation of the work program for the exploration phase of these COCs (see Note 8).

COC No. 159. In 2013, the Group applied for the start-up of the development and production stage in COC No. 159. The Group has submitted to the DOE the Final Exploration Report, 10-Year Work Program and Feasibility Study and Environmental Compliance Certificate (ECC) as issued by the Department of Environment and Natural Resources (DENR).

On August 30, 2018, the Department of Energy (DOE) has re-evaluated the coal reserves in commercial quantity on Sagasa Area considering the corrected dipping angle of each coal seam, revised coal intercepts and number of coal seams, specific gravity of 1.4, inclusion of coal outcrops, and additional information on longitudinal sections. The Group agreed on the revised coal reserves and provided revised Five-Year Coal Development and Production Work Program and Budget, and revised Feasibility Study in accordance with the agreed delineated coal reserves on December 21, 2018.

On September 11, 2018, the Group submitted the required documents to the National Commission on Indigenous People (NCIP) for the issuance of Certificate of Precondition (CP). The CP is the final requirement for the conversion of COC No. 159.

On December 14, 2018, TMEC received the original copy of CP and the certified true copy approving the CP precondition from the NCIP. As at report date, the conversion of the areas within titled properties to development and production phase is pending approval of the DOE.

In 2017 and 2016, the DOE granted various PTS for incidentally produced coal within the Group's COC No. 159 area. Gain on incidental sale of coal presented as "Other income" account amounted to ₱0.9 million and ₱6.1 million in 2017 and 2016, respectively.

Under Presidential Decree 972, *The Coal Development Act of 1976*, as Government share, the DOE will be paid the balance of the gross income after deducting all operating expenses and operator's fee and special allowance. The operating expenses shall not exceed 90% of the gross income. Excess operating expenses can be recovered from the gross income in succeeding years. TMEC will be entitled to a fee and a special allowance, the net amount of which shall not exceed 40% and 30%, respectively, of the net operating income. TMEC remitted nil, ₱45,278 and ₱179,675 in 2018, 2017 and 2016, respectively.

COC 166. In 2014, COC No. 166's term for exploration expired. The Group, however, is working on the extension of the COC. As required, the Group has submitted to the DOE the Result of Exploration covering the exploration activities conducted and estimates of the resultant coal resource and reserve of the property, which have been verified by the DOE. In 2016, the DOE evaluated the documents submitted and requested additional information to further process the application for conversion.

On September 18, 2018, the Group has re-submitted the Five-Year Work Program in support for the processing of the Group's application for the conversion of its COC. As at report date, the conversion is still subject to the approval of the DOE.

21. Operating Segment

For management reporting purposes, the Group is organized based on its activities and has one operating segment which is the coal mining segment. This segment undertakes the exploration and evaluation activities of the coal reserves of the Group which is within the Group's country of domicile.

REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY CONSOLIDATED FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
Coal Asia Holdings Incorporated and Subsidiary
3rd Floor, JTKC Center
2155 Chino Roces Ave.
Makati City

We have audited the accompanying consolidated financial statements of Coal Asia Holdings Incorporated (the Company) and Subsidiary as at December 31, 2017 and 2018 and for the years ended December 31, 2018, 2017 and 2016, on which we have rendered our report dated April 26, 2019.

In compliance with Securities Regulation Code Rule 68, we are stating that the Company has twenty-seven (27) stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until August 15, 2021
SEC Accreditation No. 1021-AR-2 Group A
Valid until March 27, 2020
BIR Accreditation No. 08-005144-005-2017
Valid until January 13, 2020
PTR No. 7334331
Issued January 3, 2019, Makati City

April 26, 2019
Makati City, Metro Manila

BOA/PRC Accreditation No. 4782
October 4, 2018, valid until August 15, 2021
SEC Accreditation No. 0207-FR-2 (Group A)
September 27, 2016, valid until September 27, 2019

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Coal Asia Holdings Incorporated and Subsidiary
3rd Floor, JTKC Center
2155 Chino Roces Ave., Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Coal Asia Holdings Incorporated and Subsidiary (the Group) as at December 31, 2018 and 2017 and for each of the years ended December 31, 2018, 2017 and 2016 and have issued our report dated April 26, 2019. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying Supplementary Schedules for submission to the Securities and Exchange Commission are the responsibility of the Group's management. These supplementary schedules include the following:

- Schedule of Adoption of Effective Accounting Standards and Interpretations as at December 31, 2018
- Schedule of Financial Soundness Indicators as at December 31, 2018, 2017 and 2016
- Proceeds from initial offering as at December 31, 2018:
  - (i) Gross and net proceeds as disclosed in the final prospectus;
  - (ii) Actual gross and net proceeds;
  - (iii) Use of proceeds; and
  - (iv) Balance of the proceeds as at the end of the reporting period.
- Conglomerate Map as at December 31, 2018
- Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2018
- Schedules as required by Part II of SRC Rule 68, as Amended as at December 31, 2018

These supplementary schedules are presented for purposes of complying with Securities Regulation Code Rule 68, as amended, and are not part of the basic consolidated financial statements. These supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves. In our opinion, the information is fairly stated in all material respect in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

Emmanuel V. Clarino

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until August 15, 2021
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Valid until January 13, 2020
PTR No. 7334331
Issued January 3, 2019, Makati City

April 26, 2019
Makati City, Metro Manila

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

SUPPLEMENTARY SCHEDULE OF ADOPTION OF EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS

DECEMBER 31, 2018

Title	Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics	✓		
PFRSs Practice Statement Management Commentary			✓
PFRSs Practice Statement 2: Making Materiality Judgments	✓		

Philippine Financial Reporting Standards (PFRSs)

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1: First-time Adoption of Philippine Financial Reporting Standards - Deletion of Short-term Exemptions for First-time Adopters			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		

PFRS	Title	Adopted	Not Adopted	Not Applicable
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination			✓
	Amendment to PFRS 3: Scope Exceptions for Joint Ventures			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, *Financial Instruments* with PFRS 4, *Insurance Contracts*			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Amendment to PFRS 5: Changes in Methods of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendment to PFRS 7: Servicing Contracts			✓
	Amendment to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments	✓		
	Amendments to PFRS 8: Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	✓		
PFRS 9	Financial Instruments	✓		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 12: Investment Entities			✓
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception			✓
	Amendment to PFRS 12: Clarification of the Scope of the Standard	✓		
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term receivables and Payables	✓		
	Amendment to PFRS 13: Portfolio Exception			✓
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
	Amendments to PFRS 15: Clarifications to PFRS 15	✓		

Philippine Accounting Standards (PASs)

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendment to PAS 1: Clarification of the Requirements for Comparative Presentation	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 12	Income Taxes	✓		
	Amendments to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Classification of Servicing Equipment	✓		
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation			✓
	Amendment to PAS 16: Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortization	✓		
	Amendment to PAS 16: Agriculture: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendment to PAS 19 (Revised): Defined Benefit Plans: Employee Contributions			✓
	Amendment to PAS 19: Discount Rate: Regional Market Issue			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendment to PAS 24: Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PAS 27 (Amended): Investment Entities			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception			✓
	Amendments to PAS 28: Measuring an Associate or Joint Venture at Fair Value			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Financial Instruments: Presentation	✓		
	Amendments to PAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✓
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
	Amendment to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓
	Amendment to PAS 34: Disclosure of Information 'Elsewhere in the Interim Financial Report'			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendment to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization			✓
	Amendment to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 40	Investment Property			✓
	Amendment to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PAS 40: Transfers of Investment Property			✓
PAS 41	Agriculture			✓
	Amendment to PAS 41: Agriculture: Bearer Plants			✓

Philippine Interpretations

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓

PHILIPPINE INTERPRETATIONS - SIC

Interpretations	Title	Adopted	Not Adopted	Not Applicable
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-32	Intangible Assets - Web Site Costs			✓

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2018, 2017 AND 2016

	2018	2017	2016
Current assets	**₱12,931,310**	₱42,888,329	₱47,546,874
Current liabilities	**38,581,973**	45,385,921	19,726,337
Liquidity ratio	**0.34:1**	0.94:1	2.41:1
Net loss before depreciation	**(₱8,248,067)**	(₱7,754,441)	(₱13,449,188)
Total liabilities	**43,322,195**	49,605,563	29,056,401
Solvency ratio	**(0.19):1**	(0.16):1	(0.46):1
Total liabilities	**₱43,322,195**	₱49,605,563	₱29,056,401
Total equity	**3,889,349,450**	3,897,657,214	3,905,633,829
Debt-to-equity ratio	**0.0111:1**	0.0127:1	0.0074:1
Total assets	**₱3,932,671,645**	₱3,947,262,777	₱3,934,690,230
Total equity	**3,889,349,450**	3,897,657,214	3,905,633,829
Asset-to-equity ratio	**1.01:1**	1.01:1	1.01:1
Net loss	**(₱8,307,764)**	(₱7,976,615)	(₱13,967,727)
Total assets	**3,932,671,645**	3,947,262,777	3,934,690,230
Return on asset	**(0.21%)**	(0.20%)	(0.35%)
Net loss	**(₱8,307,764)**	(₱7,976,615)	(₱13,967,727)
Total equity	**3,889,349,450**	3,897,657,214	3,905,633,829
Return on equity	**(0.21%)**	(0.20%)	(0.36%)

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

SUPPLEMENTARY SCHEDULE OF PROCEEDS FROM INITIAL OFFERING

DECEMBER 31, 2018

(i) GROSS AND NET PROCEEDS AS DISCLOSED IN THE FINAL PROSPECTUS

The estimated gross proceeds from the offer will amount to ₱800,000,000. The estimated net proceeds from the offer of the shares, after deducting the estimated related expenses to the offer, will amount to ₱726,868,750 and will accrue to the Group.

The following table shows the breakdown of the estimated offer proceeds:

Gross proceeds	₱800,000,000
Estimated expenses	73,131,250
Net proceeds	₱726,868,750

(ii) ACTUAL GROSS AND NET PROCEEDS

Gross proceeds	₱800,000,000
Actual expenses	51,790,085
Net proceeds	₱748,209,915

(iii) USE OF PROCEEDS

Working capital	₱126,868,750
Exploration work for Davao Oriental Project	581,796,367
Exploration work for Zamboanga Sibugay Project	52,283,378
	₱760,948,495

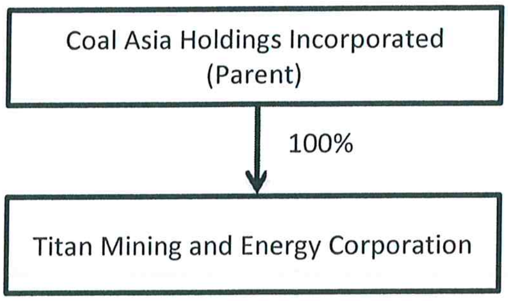
(iv) BALANCE OF PROCEEDS AS AT THE END OF THE REPORTING PERIOD

Net proceeds	₱748,209,915
Accumulated interest income	13,393,420
Disbursements	(760,948,495)
	₱654,840

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

CONGLOMERATE MAP

DECEMBER 31, 2018



COAL ASIA HOLDINGS INCORPORATED

SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2018

Deficit, beginning of year	(₱78,180,349)
Net loss based on the face of AFS	(2,444,133)
Net loss actually earned/realized during the year	(80,624,482)
Less appropriation during the year	–
Deficit, as adjusted, end of year	(₱80,624,482)

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

SEC Supplementary Schedule as Required by Part II of SRC Rule 68 as Amended

DECEMBER 31, 2018

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COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of the Financial Statements

DECEMBER 31, 2018

Name and designation of debtor	*Balance at beginnning of period*	*Additions*	*Deductions*		*Ending Balance*		*Balance at end of period*
			Amounts collected	*Amounts written off*	*Current*	*Not current*	
Advances to TMEC	₱537,386,253	₱26,200,000	₱–	₱–	₱563,586,253	₱–	₱563,586,253

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

E. Long-term Debt

DECEMBER 31, 2018

Title of Issue and Type of Obligation	*Amount Authorized by Indenture*	*Amount shown under caption "Loan payable - net of current portion " in related balance sheet*	*Amount shown under caption "Loan payable" in related balance sheet*
Term loan	₱30,312,000	₱–	₱– *Stated interest rate – 9% per annum* *Payable in 36 monthly instalments*

COAL ASIA HOLDINGS INCORPORATED AND SUBSIDIARY

H. Capital Stock
DECEMBER 31, 2018

				Number of shares held by		
Title of Issue	*Number of shares authorized*	*Number of shares issued and outstanding as shown under the related statements of financial position caption*	*Number of shares reserved for options, warrants, conversion and other rights*	*Related parties*	*Directors, officers and employees*	*Others*
Capital Stock - ₱1 par value	5,000,000,000	4,000,000,004	–	1,920,000,000	1,280,000,000	800,000,0004