Item 5. **FINANCIAL STATEMENTS**

Protective Capital Structure Corporation

Unaudited Financial Statements

For the Year Ended

December 31, 2018

15C2-11 FORM

Balance Sheet

As at December 31, 2018

ASSETS

CURRENT ASSETS:		
ACCOUNTS RECEIVABLE (CONVERTIBLE TO SECURITIES):		
Amortized Origination Fees **(See, NOTE 2A)**		$ 901,999,027
Accrued Interest Receivable **(See, NOTE 2B)**		46,849,452,910
TOTAL ACCOUNTS RECEIVABLE		47,751,451,937
TOTAL CURRENT ASSETS		**47,751,451,937**
OTHER ASSETS:		
LOANS HELD FOR INVESTMENT (HFI):		
Structured Notes **(See, NOTE 5)**		302,370,704,180
TOTAL OTHER ASSETS		**302,370,704,180**
TOTAL ASSETS		**$ 350,122,156,117**

LIABILITIES & EQUITY

CURRENT LIABILITIES:		
OTHER CURRENT LIABILITIES:		
Contingent Liabilities **(See, NOTE 6A)**		$ 517,104,477
Cumulative Preferred Stock Dividend **(See, NOTE 6B)**		1,286,016
TOTAL OTHER CURRENT LIABILITIES		518,390,493
TOTAL LIABILITIES		**518,390,493**
EQUITY:		
Cumulative Preferred Stock, $.002 Par Value, 1,000,000,000 Shares, with 2-year Treasury rate plus 2% annual dividend **(See, NOTE 6B)** Authorized, 24,000,000 Shares Issued & Outstanding **(See, NOTE 7)**		48,000
Common Stock, $.001 Par Value, 30,000,000,000 Shares Authorized, 15,118,769,209 Issued & Outstanding		15,118,769
Additional Paid-In Capital:		
Preferred Stock	4,752,000	
Common Stock	287,485,656,812	
Total Additional Paid-In Capital		287,490,408,812
Retained Earnings		57,236,800,303
Net Income		4,861,389,740
TOTAL EQUITY		**349,603,765,624**
TOTAL LIABILITIES & EQUITY		**$ 350,122,156,117**

Income Statement

For the Year Ended December 31, 2018

INCOME

INCOME FROM OPERATIONS:

Amortized Interest Income **(See, NOTE 2B, SCHEDULE II)**	$ 4,770,794,891
Loan Origination Fees **(See, NOTE 2A, SCHEDULE I)**	90,199,903
TOTAL OPERATING INCOME	**4,860,994,794**

EXPENSES

Preferred Stock Dividend	215,808
Provision for Contingency	(610,754)
TOTAL EXPENSES	**(394,946)**
NET ORDINARY INCOME	**$ 4,861,389,740**

EARNINGS PER SHARE: **(See, NOTE 4)**

NET INCOME PER COMMON STOCK (BASIC)	**$ .32**

Statement of Cash Flow

For the Year Ended December 31, 2018

OPERATING ACTIVITIES

Net Income from Operations	$ 4,861,389,740
Adjustment to reconcile Net Income to Net Cash Provided by Operation:	
Callable Notes: Interest Receivables	(4,770,794,891)
Callable Notes: Loan Origination Fees	(90,199,903)
Contingent Liability	(610,754)
Cumulative Preferred Stock Dividend	215,808
Net Cash Provided by Operating Activities	0
NET CASH INCREASE/ (DECREASE) FOR THE PERIOD	**0**
CASH AT THE BEGINNING OF PERIOD	**0**
TOTAL CASH & CASH EQUIVALENT	**$ 0**

PCSO

	Preferred Stock		Common Stock		Additional Paid-In-Capital		Retained Earnings*		Accumulated Other Comprehensive Income		Treasury Stock		Total	
Balance, December 31, 2017	$	48	$	15,119	$	287,490,409	$	57,236,800	$	-	$	-	$	344,742,376
Net Income (Loss) for 2018								4,861,390						4,861,390
Preferred Stock issued														
Common Stock Issued														
Additional Paid-In-Capital														
Preferred Stock														
Common Stock														
Balance, December 31, 2018	$	48	$	15,119	$	287,490,409	$	62,098,190	$	-	$	-	$	349,603,766

* Includes Net Income from the prior period.

Notes to the Financial Statement

December 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

(A) BASIS OF PRESENTATION

Protective Capital Structure Corporation (PCSO) maintained its financial records on the “accrual basis” of accounting in conformity with the Generally Accepted Accounting Principles (GAAP) of the United States. The 2018 annual report was issued and submitted late due to required revision from the previously submitted annual reports.

(B) USE OF ESTIMATES

Preparation of financial statements in conformity with GAAP allows management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements, and reported amounts of income earned and expenses incurred during the period. Subsequent actual results could differ from the estimates used. As the business has not been in operation, no accounting system or general ledger has been maintained, so values and current rates have been used in calculation of values. In order to mitigate estimates, accruals and contingent liability estimates have been used.

(C) FAIR VALUE DETERMINATION

In accordance with Paragraph 54^{C} to 54^{H} of Financial Accounting Standard Board’s (FASB) Accounting Standard Codification, (ASC) 820-10-35 clarify the application of FASB ASC Topic 820 in determining fair value when the volume or level of activity for an asset or a liability has significantly decreased. Guidance is also included in identifying transactions that are not orderly.

FASB ASC 820-10-35-54^{C} lists a number of factors that should be evaluated to determine whether there has been a significant decrease in the volume or level of activities for the asset or liability (or similar assets or liabilities) when compared with normal market activity. If the reporting entity concludes that there has been a significant decrease in the volume or level of activity for the asset or liability in relation to normal market conditions, further analysis of the transactions or quoted prices is needed to determine whether an adjustment to the transactions or quoted prices is necessary.

And, ASC subparagraph 820-10-35-54^{H} states that estimating the price at which market participants would be “WILLING” to enter into a transaction at the measurement date under current market conditions if there has been a significant decrease in the volume or level of activity for the asset or liability depends on the facts and circumstances at the measurement date, and requires judgement.

Formation of Protective Capital Structure Corporation's (PCSO) "Proprietary BCLOC Securities" coincided with the meltdown of the global financial markets (around 2008 and 2009) when market price for PCSO stock had dropped to $.002 per share. Hence, the Company conducted a 100,000:1 reverse stock split to an average price of $21.54 per share to initiate private negotiations with institutional investors. Considering the facts and circumstances surrounding the markets at that period, Protective Capital Structure Corporation agreed with its clients to sign their binding commitments at a privately negotiated fair value of $20 per share (instead of $21.54), for all Promissory Notes signed by the Company in 2008 to create a BCLOC Security or the Special Purpose Limited Corporation (SPLC) Notes.

NOTE 2. ACCOUNTS RECEIVABLE CONVERTIBLE TO SECURITIES

As indicated in the balance sheet, the account receivable has two sub-components:

a. The Loan Origination Fees; and
b. The Accrued Interests.

(A) LOAN ORIGINATION FEES

The notes were structured with a one-time loan origination fee rate of 5% calculated on the outstanding principal balance. In accordance with FASB ASC Paragraph 310-20-35-22, origination fees or costs associated with demand debt provide guidance on the amortization of net fees or costs for loans that are payable at the lender's demand. Interpretation of the standard permits any fee or cost to be recognized as an adjustment of yield on a straight-line basis over a period that is consistent with any of the following:

a. The understanding between the borrower and lender.
b. If no understanding exists, the lender's estimate of the period of time over which the loan will remain outstanding; any unamortized amount shall be recognized when the loan is paid in full.

As stated in the agreements between Protective Capital Structure Corporation and the clients, the loan origination fees are due on demand and clients have the option to pay in Cash or Marketable Securities, effective 2019 financial year. As provided in covenants, the Notes cannot be redeemed within the first ten (10) years. Thus, neither the client nor Protective can trade or call the Notes within 10 years. Afterwards, Protective reserves the right to call the Notes, when necessary.

If paid in marketable securities instead of cash, the instruments would be marked to market and fluctuations in market value would be recognized in Protective's income statement as gain or loss in the period recognized.

STRAIGHT-LINE AMORTIZATION OF LOAN ORIGINATION FEES

ENTITY	PRINCIPAL	FEE RATE 5%	TOTAL LOAN ORIGINATION FEES in USD ($)	35 YEAR STRAIGHT LINE AMORTIZATION	CUMULATIVE AMORTIZATION
RREH	$ 59,515,931,880	0.05	$ 2,975,796,594	$ 85,022,760	$ 850,227,598
RESTORATION	2,824,000,000	0.05	141,200,000	4,034,286	40,342,857
AVI	800,000,000	0.05	40,000,000	1,142,857	11,428,571
TOTAL	**$ 63,139,931,880**		**$ 3,156,996,594**	**$ 90,199,903**	**$ 901,999,027**

(B) SLPC NOTES AMORTIZATION

Interest calculation on the thirty-five (35) year SLPC Notes was based on the compounding method. The stated coupon rate for Restoration started at 2.67% per annum for the first five (5) years; and the rate changed to 8.75% for the remaining thirty (30) years. However, both Relm Real Estate Holdings (RREH) and Access Versalign Inc. (AVI) remain fixed at the contract coupon rate of 7.5%.

Disclaimer: Subsequent to the reporting for the period, it was determined that further assessment of the basis of the principal of the notes is needed, and the interest accrued on the notes will likely be materially revised and adjusted.

SUMMARY OF ACCRUED INTEREST (SCHEDULE I)

DESCRIPTION	RELM REALESTATE HOLDINGS (RREH) @ 7.5%	RESTORATION years 1-5 @ 2.67% years 6 until maturity @ 8.75%	ACCESS VERSALIGN INC. (AVI) @ 7.5%	CUMMULATIVE TOTAL
PRINCIPAL	*$59,515,931,880*	*$2,824,000,000*	*$800,000,000*	*$63,139,931,880*
2009	4,463,694,891	75,400,800	60,000,000	4,599,095,691
2010	8,927,389,782	150,801,600	120,000,000	9,198,191,382
2011	13,391,084,673	226,202,400	180,000,000	13,797,287,073
2012	17,854,779,564	301,603,200	240,000,000	18,396,382,764
2013	22,318,474,455	377,004,000	300,000,000	22,995,478,455
2014	26,782,169,346	624,104,000	360,000,000	27,766,273,346
2015	31,245,864,237	871,204,000	420,000,000	32,537,068,237
2016	35,709,559,128	1,118,304,000	480,000,000	37,307,863,128
2017	40,173,254,019	1,365,404,000	540,000,000	42,078,658,019
2018	**44,636,948,910**	**1,612,504,000**	**600,000,000**	**46,849,452,910**

SUMMARY OF ACCRUED INTEREST (SCHEDULE II)

DESCRIPTION	RELM REALESTATE HOLDINGS (RREH) @ 7.5%	RESTORATION years 1-5 @ 2.67% years 6 until maturity @ 8.75%	ACCESS VERSALIGN INC. (AVI) @ 7.5%	AMOUNT TOTAL
PRINCIPAL	*$59,515,931,880*	*$2,824,000,000*	*$800,000,000*	*$63,139,931,880*
2009	4,463,694,891	75,400,800	60,000,000	4,599,095,691
2010	4,463,694,891	75,400,800	60,000,000	4,599,095,691
2011	4,463,694,891	75,400,800	60,000,000	4,599,095,691
2012	4,463,694,891	75,400,800	60,000,000	4,599,095,691
2013	4,463,694,891	75,400,800	60,000,000	4,599,095,691
2014	4,463,694,891	247,100,000	60,000,000	4,770,794,891
2015	4,463,694,891	247,100,000	60,000,000	4,770,794,891
2016	4,463,694,891	247,100,000	60,000,000	4,770,794,891
2017	4,463,694,891	247,100,000	60,000,000	4,770,794,891
2018	4,463,694,891	247,100,000	60,000,000	4,770,794,891
Total	**$44,636,948,910**	**$1,612,504,000**	**$600,000,000**	**$46,849,452,910**

NOTE 3. INCOME TAXES

The Company's effective tax rate of 21% reflects the Tax Cuts and Jobs Act flat tax rate change that was enacted in 2017. Significant judgement is required in evaluating corporate tax positions. In the ordinary course of business, many transactions occur for which the ultimate tax outcome is uncertain. Accounting standards governing the accounting for uncertainty in income taxes for a tax position taken or expected to be taken in a tax return require that the tax effects of a position be recognized if it is more-likely-than-not to be sustained based solely on its technical merits as of the reporting date. The more-likely-than-not threshold must be met in each reporting period to support continued recognition of the benefit.

Also, the SEC staff has indicated in SAB Topic 1.B.1 (codified in ASC 225-10-S99) that it "believes that it is material to investors to know what the effect of income would have been if the registrant had not been eligible to be included in a consolidated income tax return with its parent." For this reason, the SEC staff has indicated that the separate-return method of allocation is preferable and that, if it is not used to prepare financial statements of a member that would be included in a public filing, the SEC staff will require a pro-forma income statement reflecting a tax provision calculated on a separate return only.

Relatively, ASC 740-10-50-17 requires the following disclosures in the separately issued financial statement of a member of a group that files a consolidated tax return:

A. The aggregate amount of current and deferred tax expense for each statement of earnings presented and the amount of any tax-related balances due to or from affiliates as of the date of each statement of financial position presented.
B. The principal provisions of the method by which the consolidated amount of current and deferred tax expense is allocated to members of the group and the nature and effect of any changes in that method (and in determining related balances to or from affiliates) during the years for which the above disclosures are presented.

As indicated in the related party disclosure section of this report, Protective Capital Structure Corporation has subsidiary relations with other entities; hence, taxes would be reported and paid at the consolidated level. However, the following pro-forma income statement reflecting the aggregate tax expense is presented in compliance with the above quoted standard for entities with separately issued financial statement that are members of a consolidated tax return:

PROTECTIVE CAPITAL STRUCTURE CORPORATION
PROFORMA INCOME STATEMENT FOR TAX PURPOSES
AS OF DECEMBER 31, 2018

EBITDA (From the Income Statement)		**$ 4,799,703,556**
LESS:		
RELATED PARTY TRANSACTIONS:		
AVI 65% Ownership by Parent company	(39,742,857)	
TOTAL EARNINGS FROM RELATED PARTIES		(39,742,857)
EARNINGS FROM UNRELATED PARTIES		$ 4,759,960,699
Enacted Effective Corp. Tax Rate of 21%		(999,591,747)
NET ORDINARY INCOME		**$ 3,760,368,952**

NOTE 4. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing Net Ordinary Income attributable to Protective Capital Structure Corporation by weighted average number of shares outstanding during the reporting period.

Since there is no issued and outstanding Convertible Preferred Shares at the balance sheet date, and the outstanding Series B Preferred Shares are not convertible, and no new shares were issued during the financial reporting period, the reported earnings per share amount is deemed as basic and anti-dilutive.

NOTE 5. LOANS HELD FOR INVESTMENT (HFI)

As promulgated by FASB, when a reporting entity holds an originated or purchased loan for which it has the intent and ability to hold for the foreseeable future or to maturity or payoff, the loan should be classified as held for investment.

In accordance with ASC Paragraph 310-10-35-47, loans held for investment are reported on the balance sheet at the outstanding principal balance adjusted for any write-offs, the allowance for loans losses, any deferred fees or costs, and any unamortized premiums or discounts.

Protective Capital Structure Corporation has the intent and ability to hold its originated structured notes for the foreseeable future or to maturity. And, as the company does not anticipate any probability for loan losses due to the fixed interest rate and the contractual nature of the Structured Note, no portion of the principal amount is deemed allowance for write-offs; hence the Notes are appropriately reported in the balance sheet in accordance with the code.

The Notes are counterparty negotiated loan commitments structured to create Protective Capital Structure Corporation's proprietary BCLOC Security as a Special Purpose Vehicle to finance the development of 75 Ultra-Luxury Condominium Real Estate complexes, Middle-Class Residential Housing Projects, and Fixed Income servicing technology platform.

Relatively, Protective Capital Structure Corporation offered its own PCSO Common Stocks as loan to the Clients to serve as the underlying collateral in exchange for the clients' Promissory Notes to necessitate the creation of the BCLOC Security to finance the above stated projects. The Notes have thirty-five (35) year duration at a Fixed Interest Rate of 7.5% per annum for RREH and AVI. In satisfying certain investing conditions, Restoration started at a Fixed Interest Rate of 2.67% for the first five (5) years, after which the rate changed to 8.75% for the remaining thirty (30) years of the Note.

The parties agreed to price the underlying common stocks at $20 due to the circumstances that surrounded the company's common stocks and the global financial markets as explained above in Note 1C. Hence, the basis of the structured note as indicated in the balance sheet is detailed in the table below:

SUMMARY OF STRUCTURED NOTES

ENTITY	SHARE QUANTITY	PRICE	AMOUNT ($)
RREH	14,937,335,209	$20	$ 298,746,704,180
RESTORATION	141,200,000	20	2,824,000,000
AVI	40,000,000	20	800,000,000
TOTAL	**15,118,535,209**		**$ 302,370,704,180**

Disclaimer: Subsequent to the reporting for the period, it was determined that further assessment of the basis of the principal of the notes is needed, and likely be materially revised and adjusted.

NOTE 6. INDEBTEDNESS

(A) CONTINGENT LIABILITIES

As indicated in the prior year's financial report, the current management did not have access to actual expense data at the balance sheet date as the prior officers that managed the company did not keep accurate professional records. Hence, management used reasonable judgement in accordance with ASC Topic 420-20-20 to recognize 1% of Total Operating Income of $4,860,994,794 plus Accrued Interest Receivable of $46,849,452,910, or $517,104,477, as a provision for Contingent Liabilities, to settle any probable future obligation that may likely be brought to the attention of management. The Net Provision for Contingency Liability is the difference between the prior period Contingency Liability and the current year Provision for Contingency Liabilities, or a ($61,075,430) reduction in the provision.

Net Ordinary Income	4,860,994,794
Accrued Interest Receivable	46,849,452,910
Total	51,710,447,704
Multiply by 1%	X 1%
Provision for Contingent Liabilities	**517,104,477**
Year-end 2018 Provision for Contingent Liabilities	517,104,477
Less: 2017 Provision for Contingent Liabilities	578,179,907
Provision for Contingency Liability	**(61,075,430)**
Adjustment to the Contingent Liability	61,686,184
Adjusted Provision for Contingency Liability	**610,754**

Additionally, a further $61,686,184 end-of-year adjustment to the Provision for Contingent Liability amount was made for 2018, in order to compensate and adjust for issues associated with calculations made by predecessor management. Therefore, the adjusted Contingent Liability balance as of December 31, 2018 is $517,104,477, but the Provision for Contingent Liability of $610,754.

(B) PREFERRED STOCK DIVIDEND

The series B Preferred Shares were issued on January30, 2009 to all shareholders of record on December 10, 2008, and the shares pay dividend in cash or company common stock. The dividend declaration is priced at 2% over 2-Year U.S. Treasuries. It was expected of the past Management to pay on January 30, 2010 but failed to do so. Hence, the Series B Preferred dividend has accumulated to the sum of $1,286,016 as at December 31, 2018 and pending for the current Management's approval to make payment.

ANALYSIS OF THE PREFERRED STOCK DIVIDEND

AS OF DATE	2-YEAR US TREASURY RATE	2% OVER 2-YEAR TRESURY RATE		ANNUAL PREFERRED STOCK DIVIDEND @ 2% OVER TREASURY RATE		CUMMULATIVE PREFERRED DIVIDEND @ 2% OVER TREASURY RATE
TOTAL PREFERRED STOCK			**$**	**4,800,000**		
12/31/2010	0.605%	2.605%	$	125,040	$	125,040
12/31/2011	0.247%	2.247%		107,856		232,896
12/31/2012	0.251%	2.251%		108,048		340,944
12/31/2013	0.384%	2.384%		114,432		455,376
12/31/2014	0.672%	2.672%		128,256		583,632
12/31/2015	1.052%	3.052%		146,496		730,128
12/31/2016	1.198%	3.198%		153,504		883,632
12/31/2017	1.887%	3.887%		186,576		1,070,208
12/31/2018	2.496%	4.496%		215,808		1,286,016
CUMULATIVE PREFERRED STOCK DIVIDEND			**$**	**1,286,016**		

NOTE 7. SERIES B PREFERREDSTOCK

On December 10, 2008, the Company executed a reverse stock split of 100,000 to 1, thereby reducing the number of outstanding common shares. To protect the shareholders, the Company declared a one-time special dividend based on 2008 year-end results, in the amount $4.8 Million as Series B Preferred Stock. This represented an effective price of $.002 per share or 2 (two) times the price quoted on December 10, 2008 to shareholders of record as of that date.

DESCRITION	AMOUNT
24,000,000 Preferred Shares @ $.002 Par Value	$ 48,000
Additional Paid-In Capital	4,752,000
TOTAL ISSUED & OUTSTANDING PREFERRED STOCK	**$ 4,800,000**

NOTE 8. RELATED PARTY TRANSACTIONS & DISCLOSURE

For the year ended December 31, 2018, the Company did not execute any new related party transactions apart from the existing structured commitments that were signed from the inception when the Company's proprietary BCLOC Security was developed. The following outline summarizes the disclosure of affiliations or related party enterprises, and the percentage of ownership held by the ultimate parent company:

1. PCSO Capital Investments LLC, affiliated company.
2. First Life Financial Corporation (FLFC), pending reinstatement, is 100% or wholly owned by PCSO.
3. Protective State Capital Trust (PSCT) Pending reinstatement, is 100% or wholly owned by PCSO.
4. Access Visalign Inc. (AVI), pending reinstatement, is 65% owned by PCSO with the remaining 35% privately owned.

As promulgated under ASC 860-10-40-5, a transfer of financial assets from one subsidiary to another subsidiary of a common parent is accounted for as a sale by the transferring entity if all the conditions in ASC 860-10-40-5 are met and the receiving entity is not consolidated by the transferring entity. Relatively, Protective Capital Structure Corporation (PCSO) has subsidiary relationships with other entities, as indicated above, as this report represents a Consolidated Financial Report as the Ultimate Parent level, in compliance with the above standard.

NOTE 9. MANAGEMENT DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

CAUTIONARY NOTE REGARDING FORWAND-LOOKING STATEMENTS

The management discussions and analysis of the financial conditions and results of operations include statements that are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding expectations, intentions or strategies regarding the future.

All statements, other than statements of historical facts, included in this form regarding our financial position, business strategy and other plans and objectives for future operations are forward-looking statements. The terms, "may," "will," "could," "anticipate," "plan," "continue," "project," "intend," "estimate," "believe," "expect" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words.

Although we believe that the assumptions and expectations reflected in such forward-looking statements are reasonable, we can give no assurance that they will prove to be correct or that we will take any actions that may now be planned. Certain important factors that could cause actual results to differ materially from our expectations are disclosed in the "Risk Factors" in our report. All subsequent written or oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by such factors. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Management requests readers of the discussion and analysis below to read it in conjunction with the financial statement elsewhere in this report.

CURRENT BUSINESS DEVELOPMENTS

Management's primary objective, as at the balance sheet date, is focused on the overall relaunching of the Company. As a result, Management takes the privilege to highlight the major corporate events over the next two years, as we continue on the path of the overall business relaunch.

FIRST LIFE FINANCIAL CORPORATION (FLFC)

THE CAPTIVE GUARANTY/INSURANCE COMPANY

In conjunction with the prospective issue of private Placement Memorandum offering, First Life Financial Corporation (FLFC) is repackaging and amending their 2007 offering to monetize their pool of Promissory Notes of the special purpose vehicles, herein identified as the Special Limited Purpose Corporation (SLPC) Notes. The SLPC Notes represent 29 customers that have purchased or agreed to receive financing through the Business Collateral Line of Credit (BCLOC) securitization process.

The PCSO repackaged shares creates the BCLOC Security. The BCLOC, as indicated elsewhere in this report, consists of US Treasuries, Annuity or a Credit Enhancement Account (CEA), Cash Hedge Account and Cash Flow from the Business (EBITDA), providing customers with a higher value than the standardized purchase of the PCSO shares in the public market.

Protective State Capital Trust (PSCT) holds all components of the BCLOC Security and acts as the Trustee. The BCLOC, as at the balance sheet date, has a Principal amount of $302 billion, plus a total accrued interest of $46.8 billion accruing at the current compound weighted-average interest rate of approximately 7.56% per annum. This brings the total balance to a sum of $350 billion at the end of the 2018 financial year.

Based on the Agreement, FLFC can pledge up to 50% of the SLPC Notes, or $175 billion, and apply for Standard & Poor's (S&P) Credit Rating Indication ranging from CCC- to AA+.

PCSO

5-YEAR PROJECTED PAY-DOWN ON SLPC NOTES & INTEREST

RELM REAL ESTATE HOLDINGS, INC. (RREH NOTES)

SLPC Notes Principal to buy PCSO Stocks = $ 59,515,931,880
Interest Rate = 7.5% per annum
PCSO Shares in Escrow = 2,975,796,594
RREH Shares in Escrow = 1,270,000,000

PROJECTED YEARS (2020-2024)	PRINCIPAL & INTEREST	INTEREST AMOUNT	CONVERSION OF PCSO SHARE TO PAYDOWN ON NOTES (Note 1)	CONVERSION OF RREH SHARES TO PAYDOWN ON NOTES (Note 2)	PROJECTED BUSINESS INCOME FOR RREH (Note 3)
	$114,106,245,634				
1st Year	100,035,526,693	7,502,664,502	4,563,681,666	5,007,037,275	4,500,000,000
2nd Year	85,964,807,752	6,447,360,581	4,563,681,666	5,007,037,275	4,500,000,000
3rd Year	71,894,088,811	5,392,056,661	4,563,681,666	5,007,037,275	4,500,000,000
4th Year	57,823,369,870	4,336,752,740	4,563,681,666	5,007,037,275	4,500,000,000
5th Year	43,752,650,929	3,281,448,820	4,563,681,666	5,007,037,275	4,500,000,000
TOTAL		**$ 26,960,283,304**	**$ 22,818,408,330**	**$ 25,035,186,375**	**$ 22,500,000,000**

NOTE:

1. To Convert a Maximum Limit of 4% of PCSO Outstanding Shares per Annum under SEC Rule 144A.

Outstanding Shares	2,975,796,594
4% Maximum Share Conversion per Annum (2,975,796,594 x .04)	119,031,864
Book Value per Share	X $38.34
Total (with rounding difference)	4,563,681,666

2. To Convert a Maximum Limit of 4% of RREH Outstanding Shares per Annum under SEC Rule 144A.

Outstanding Shares	1,270,000,000
4% of Share Conversion per Annum (1,270,000,000 x .04)	50,800,000
Book Value per Share	X $98.56
Total (with rounding difference)	5,007,037,275

3. Business Income as Additional Pay-Down on the SLPC Notes.

(*) Assuming the Estimated Average Book Value and Outstanding Shares to Remain Constant

PROJECTED ACTIVITY OF RREH

RELM REAL ESTATE HOLDINGS, INC. (RREH)

ASSUMPTIONS:

1. To Develop 75 Super Luxury Hotels and Condos Worldwide.
2. The Plan Involves the Construction of 150 Units per Condo Complex.
3. Range of Average Sales Price per Condo Unit: $15 Million to $20 Million.
4. Projected Development Cost is $500 per square feet per Condo, and the Size of a Unit Condo is specified at 10,000 square feet.
5. Estimated Super Luxury Hotel Rate per Night: $1,000.

ANNUAL PROJECTED CONDO SALES	INCOME FROM LUXURY HOTEL RENTALS	YEARS	INCOME FROM SUPER LUXURY CONDO SALES (ONLY)	SLPC RREH INTEREST PAYMENT ON NOTE	COVERSION OF PCSO SHARES TO PAYDOWN NOTES	RREH COMMON SHARES TO PAYDOWN PRINCIPAL	TOTAL INCOME	FIXED DEVELOPMENT COST	NET PROFIT	(%) ANNUAL YIELD (2)	(%) 3 –YEAR US TREASURY	(%) BCLOC SPREAD
300	365,000,000	Yr1	$ 4,500,000,000	$ 7,470,622,135	$ 4,990,913,229	$ 5,007,037,275	$ 22,333,572,639	$ 1,500,000,000	20,833,572,639	**14.6**	**1.75**	**12.8**
300	730,000,000	Yr2	4,500,000,000	6,383,275,847	4,990,913,229	5,007,037,915	21,611,226,351	1,500,000,000	20,111,226,351	**14.2**	**1.75**	**12.4**
300	1,460,000,000	Yr3	4,500,000,000	5,295,929,559	4,990,913,229	5,007,037,275	21,253,880,063	1,500,000,000	19,753,880,063	**14.0**	**1.75**	**12.2**
300	2,920,000,000	Yr4	4,500,000,000	4,208,583,271	4,990,913,229	5,007,037,275	21,626,533,775	1,500,000,000	20,126,533,775	**14.2**	**1.75**	**12.4**
300	5,840,000,000	Yr5	4,500,000,000	3,122,236,983	4,990,913,229	5,007,037,275	23,459,187,488	1,500,000,000	21,959,187,488	**15.2**	**1.75**	**13.4**
1,500		**TOT**	**22,500,000,000**	**26,479,647,795**	**24,954,566,145**	**25,035,186,375**	**110,284,400,316**	**7,500,000,000**	**102,784,400,316**			

NOTES:

1. RREH is the largest asset class in the in BCLOC Pool.
2. Calculation of the BCLOC Yield is based on (a) Business Income, (b) Interest Receipt on SLPC RREH Notes (c) Liquidation of PCSO Shares, and (d) Liquidation of RREH Common Shares, divided by the Shareholders Equity with Retained Earnings.
3. BCLOC is pending for AA+ Standard & Poor's (S&P) and Morningstar Credit Rating Indications.

ITEM 6. DESCRIPTION OF COMPANY BUSINESS, PRODUCTS AND SERVICES

A. DESCRIPTION OF THE ISSUER'S BUSINESS OPERATIONS;

Protective Capital Structure Corporation (PCSO) operates as a Non-Depository financial institution that specializes in "Structured Finance" products. PCSO is 97% independently owned with 3% minority interest held by the promissory note holders and the general public through stock acquisition. Also, there are preferred stockholders with 46% held by the general public. PCSO was incorporated in March 2004 pursuant to an Automax, Inc. reverse merger in the state of Florida. In 2004, PCSO began quoting on the OTC market to facilitate the creation of the Business Collateral Line of Credit or "BCLOC Security.

THE BUSINESS COLLATERAL LINE OF CREDIT (BCLOC) AS A SECURITY

The BCLOC which was repackaged as a security in 2007 is currently not quoted but pending for SEC Shelf Registration. As indicated above, the common stock of Protective Capital Structure Corporation is quoted on the OTC Markets under the (ticker symbol "PCSO"). The risk in the BCLOC Security is transferred to its four (4) collateral legs which consist of the following: 1) PCSO common stock; 2) Cash Hedge Account as Credit Enhancement 3) U.S. Treasuries as Credit Linked Instrument, and 4) Business Cash Flow/Annuity (based on EBITDA) from Client's Business).

Pricing of the BCLOC was established between 2007 and 2009, as collateralized on a privately negotiated sale price of PCSO stock at $20.00 per share. However, the public market price of PCSO stock without the repackaging was priced within the range of $.002 to $0.50 per share. As referenced in "Note 1C" above, determining fair value when the volume or level of activity for an asset or a liability has significantly decreased, further analysis of the transactions or quoted prices is needed to determine whether an adjustment to the transactions or quoted prices is necessary.

As a matter of Law, the BCLOC security took on the form of the **"Step Transaction Doctrine"** which, by definition, is a judicial doctrine in the United States that combines a series of formally separate steps, resulting in tax treatment as a **"Single Integrated Event"**. The doctrine is applied to prevent tax abuse, such as tax shelters or bailing assets out of a corporation. The "Step Transaction Doctrine" originated from a common law principle in "Gregory v. Helvering, 293 U.S. 465 (1935), which allowed the court to re-characterize a tax-motivated transaction.

HOW CASH IS GENERATED TO FUND TWO OF BCLOC'S FOUR COLLATERAL LEGS

First Life Financial Corporation (FLFC) is a financial guarantee company, and a subsidiary of PCSO. It has the general responsibility for issuing bonds for cash as a U.S. Treasury Fund. The bond's risk is transferred from the bondholder to the cash reserves of the FLFC, which only holds U.S. Treasuries from their capital raise, which is expected to fully discharge the debt obligation at maturity of each tranche of the bonds.

FLFC issued bonds will initially be backed by 100% of U.S. Treasuries. In financing client's business to generating business cash flows, the U.S. Treasuries would be reduced by 20% with the swapping of client's common stocks for liquidity. These bonds are issued on a financial model premised on the notion that the four collateral legs that support the BCLOC security will be able to repay the debt obligation. The debt obligation is expected to be serviced with approximately 10% or more cash from the business component and 90% or more of proceeds from Government's payments of interest on U.S. Treasuries held in the bond fund.

Should there be a delay in fundraising relative to the bond fund, and the threshold prices set on the PCSO and customer stocks could be attained, it would then not be necessary to use the U.S. treasury swap to fund the client's business. Hence, the stocks held in escrow would be sold at threshold prices, and the cash proceeds would be reinvested in U.S. Treasuries. For example:

If the cost basis for the PCSO stock is $20 and the stock can be sold at a threshold price of $41 along with the customer stock price of $41/share, then this surplus of $21/share will be used to fund the business component and the cash hedge account; in this instance, there would be no need to use the swap leverage. 100% of the U.S. Treasuries would be supported by the FLFC Bonds.

Comparison of BCLOC Security to Government Equity-Linked Certificates of Deposit (CDs)

To facilitate the understanding of the BCLOC securitization structure, we will use the Government's Equity-Linked CD Process referenced at SEC.Gov./Equity–Linked CD's as benchmark, and compare to the BCLOC security which is linked to four separate collateral components as a single integrated transaction. Thus, if the equity-linked CD is sold before maturity, it is more likely to worth less than its original purchased amount or face value.

The Equity-Linked CD Process

The Equity-Linked CD will be subject to a number of variables, including stock market volatility and changes to the components of the linked index. In addition, there is no guarantee of principal return unless the investment is held to maturity (sec.gov). However, unlike the equity-Linked CD, the BCLOC Security is likely to pay Principal and Interest if not held to maturity (see BCLOC Security below).

The BCLOC Security

As indicated above, the BCLOC security uses equity (i.e. PCSO stock & customer capital stock) to transfer risk by linking or integrating the four-leg collateral components: (1) PCSO Stock (2)

U.S. Treasuries (3) Cash Hedge account and (4) Business Cash Flows/Annuity. Utilizing the four-component collateral, risk is transferred to the FLFC Reserve Capital (which only holds U.S. Treasuries), to provide the FLFC Treasury Fund with the expected Standard & Poor's (S&P) and Morningstar rating indication of AA- or better.

THE SWAP AGREEMENT

Under the BCLOC cash swap, the client has the option of swapping U.S. treasuries for securities issued by the client's company. Securities (common stocks) of the client are held in escrow till the terms of the agreement mature. The client is obligated to pay the issuer of the U.S. treasuries (PCSO) with client's stocks if the U.S. treasuries are not returned. And payment would include the principal amount with interest.

Relative to the SLPC vehicle, duration of the agreement extends to 35 years to provide the client's business the opportunity to utilize the U.S. treasuries for capital expenditures. Once the security has matured and has obtained the capital through cash flow from the business to fulfill the obligation of the agreement (see escrow agreement), U.S. treasuries are swapped back for the stocks held in escrow by PCSO.

THE SWAP PROCESS

At the end of the given period (35-Year Maximum SLPC Duration), when the business has fully developed, the client's company shares used to swap for U.S. Treasuries must be:

1. Converted to cash in equal value to redeem the U.S. treasuries with interest;
2. Proceeds from the reverse swap must be paid to the client with interest;
3. Cash proceeds must be used to purchase the U.S. treasuries of the same value as the original value of shares at the time of the swap;
4. The swap unwind will require the shares under the swap to be returned in exchange for the U.S. treasuries at the end of the period, and
5. The trustee must reconcile the cash equivalent/cash hedge accounts that hold the U.S. treasuries and other assets when the client's securities are returned at the end of the swap agreement/contract term.

PRICING OF THE BCLOC SECURITY

Pricing the BCLOC Security involves indexing each component as follows:

1. The PCSO Stock repackaged in the BCLOC Securitization structure is linked to Wilshire 5000 Index.
2. The Swap Treasury Positions are linked to the 30-Year U.S Treasury Index.
3. The Cash Hedge Account or Credit Enhancement Facility is not indexed.
4. The Tax Deferred Annuity of the Business Income (EBITDA) is also not indexed.

REPACKAGING & PRICING MODEL OF THE BCLOC SECURITY

Below is a simplified example to explain the pricing of the BCLOC security, irrespective to our proprietary or confidential financial modeling. Thus, a purchase of $4,000,000 BCLOC security would be broken down as follows:

1. 100,000 PCSO Common Stocks priced at $20 per share is used as Collateral to swap for $2,000,000 Promissory Notes at 7.5% Coupon for 35-year duration.
2. $2,000,000. Treasuries swapped $2,000,000 of Customer's Common Stocks.
   a. The Swap covers the price of the U.S. Treasuries
3. Cash in the Hedge Account $60,000
   a. The account utilizes current cash assets to hedge against depreciation of the security
4. Business Earnings Projected at $ 2,000,000 per annum.
   a. Cash flow from EBITDA (Tax Deferred).

THE REPACKAGED STRUCTURE

SECURITIES	PROMISSORY NOTES	TREASURIES	PAR VALUE
100K PCSO Stocks @ $20 / Share	$2,000.000		$ 2,000,000
$2 Million Customer Common Stock Swap		$2,000,000	$ 2,000,000
Total Security Component			$ 4,000,000
+ Cash Hedge Account			$ 60,000
BCLOC BALANCE PRE-EBITDA @ PAR			**$ 4,060,000**
POST-EBITDA BALANCE			
BCLOC VALUE Prior to Business EBITDA			$ 4,060,000
Business Cash Flow (EBITDA)			$ 2,000,000
BCLOC BALANCE POST-EBITDA @ PAR			**$ 6,060,000**

INDEX PRICING OF THE BCLOC SECURITY

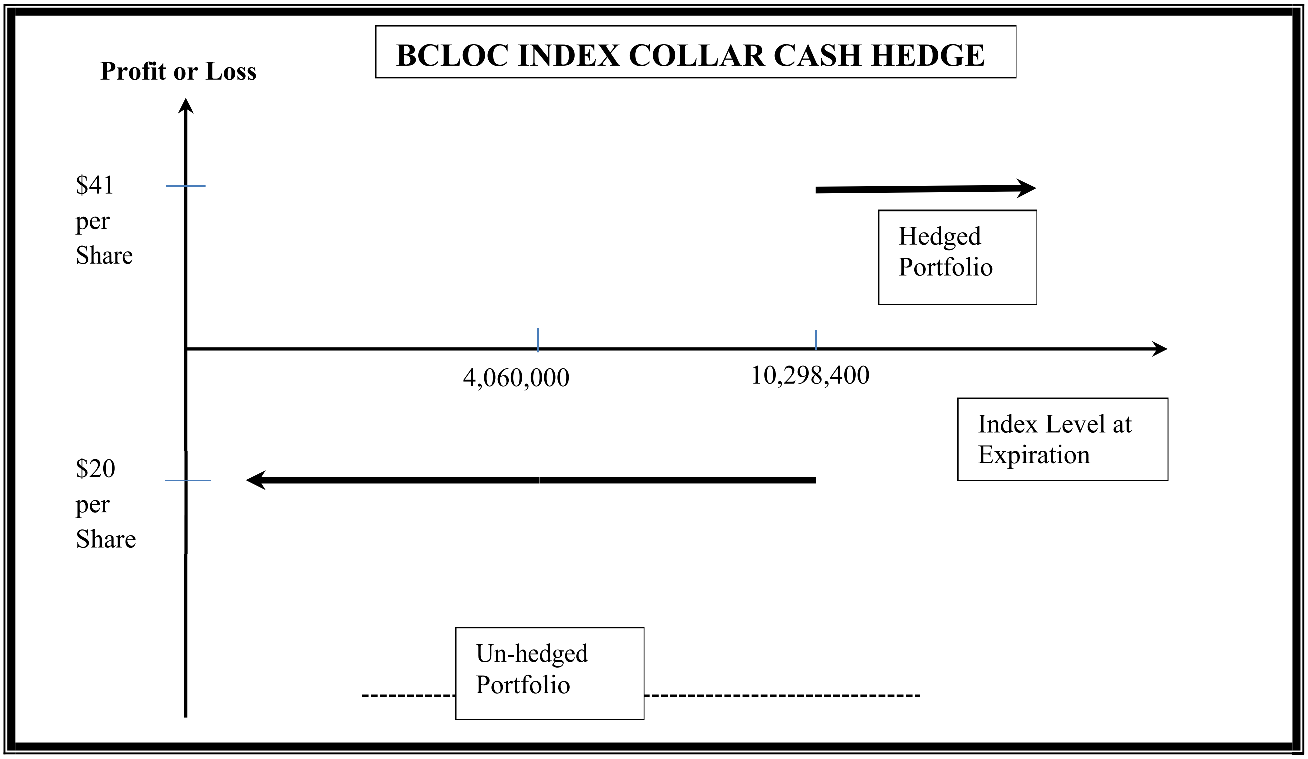
PRICING AS AT DECEMBER 31, 2018

PRE-EBITDA PRICING	RATE	PRODUCT@ PAR VALUE	BCLOC INDEXED-VALUE
Wilshire 5000 Index (12/31/2017 – 12/31/2018)	9.92%	2,000,000	$ 2,198,400
30-YR. Treasury Index (12/31/2017 – 12/31/2018)	$3.02	2,000,000	$ 6,040,000
Cash Hedge Account (Index Collar)		60,000	$ 60,000
TOTAL		**4,060,000**	**$ 8,298,400**

PRE-EBITDA BCLOC PRICE ***204.39 %***

Index-linked stock structuring is priced at periodic rate changes in the Wilshire 5000, and the Treasury is priced at 30-Year U.S Treasury yield with changes is valuation recognized as gains or losses in Other Comprehensive Income.

POST EBITDA PRICING	
BCLOC Indexed-VALUE Pre-EBITDA	$ 8,298,400
Business Cash Flow (EBITDA)	$ 2,000,000
BCLOC PAR VALUE POST-EBITDA	**$ 10,298,400**
POST- EBITDA BCLOC PRICE	***253.66%***



SUMMARY OF THE PRICING EXAMPLE

As indicated in the foregoing example, the BCLOC pricing information relative to PCSO at the quarter-end September 30, 2019, is priced at 253.66% to the security's base of $4,060,000 or 153.66% above Par. Based on pricing relation of the Wilshire 5000 Index, the stock would have gained 9.92% or $198,400 from the base. The 30-year U.S. Treasury-linked position of the $2 Million Swap is priced at the balance sheet date yield at $3.02 to Par. As cash positions, the Cash Hedge Account and the Tax Deferred Annuity of the EBITDA are not indexed. However, the entire portfolio is hedged based on the BCLOC Index Collar Cash Hedging procedures as sampled above

The above analyzed example gives the BCLOC Security a Total Pre-EBITDA Indexed- Valuation of $ 8,298,400 ($2,198,400 + $6,040,000 + $60,000 = $8,298,400); leading to a pricing value before EBITDA of $204.39% to Par. With the addition of the Deferred Tax Annuity of the EBITDA as expressed in the example, the BCLOC Security is projected to have an increased valuation by $ 6,238,400 or 153.66% above the Par Value of $4,060,000 in a year.

VALUATION & ASSESSMENT

The BCLOC Security as a structured finance product is a repackaged instrument or a hybrid of financial assets made-up of Equity; Fixed Income; Cash Hedge as Credit Enhancement Facility; and Tax Deferred Annuity of the Business Income, together with the structured assets' related earnings from Dividends; Interest Income; Capital Gains, and appreciation of the Indices. The foregoing makes the BCLOC Security, one of the safest or default-free financial instruments ever structured.

In compliance with regulatory requirements in the structured finance industry, PCSO is required to maintain at least 10% ownership stake in clients' business to motivate PCSO Management to continually monitor and ensure the operating success of the clients. Relatively, PCSO retains, at least, 10% interest in each client's business. Hence, as value increases in the BCLOC securitization structure including clients' business, a corresponding increasing effect takes place on PCSO assets, respectively.

B. DATE AND STATE (JURISDICTION) OF INCORPORATION:
March 2004, Florida

C. PRIMARY AND SECONDARY SIC CODES;
6719 Holding Companies - Not Elsewhere Classified; and
671999 Investment Holding Companies - Except Banks.

D. THE ISSUER'S FISCAL YEAR END DATE
December 31st

E. PRINCIPAL PRODUCTS OR SERVICES, AND THEIR MARKETS:
Please See Response to "Item 6A" Above.

Item7. DESCRIBE THE ISSUER'S FACILITIES

Protective Capital Investment Corporation (PCSO) is headquartered in the heart of the city of Wilmington, Delaware, on the third floor of the Hercules Building, at 1313 North Market Street.