



# PHILCOMSAT HOLDINGS CORPORATION

12F Telecom Plaza, 316 Sen. Gil Puyat Avenue, Makati City, 1200 Philippines  
Tel. No.: 8815-8406; Fax No.: 8816-2517

## NOTICE OF ANNUAL STOCKHOLDERS' MEETING

### TO ALL STOCKHOLDERS:

Notice is hereby given that the Annual Stockholders' Meeting (the "Meeting") of Philcomsat Holdings Corporation (the "Company") will be held on November 18, 2024 (Monday) at 10:00 a.m. via remote communication. The Agenda shall be as follows:

1. **Call to Order** - *The Chairperson will formally open the Meeting at 10:00 in the morning.*
2. **Proof of Notice and Certification of Quorum** - *The Corporate Secretary will certify that notice for the Meeting was duly sent to the stockholders via an alternative and authorized method and that a quorum exists for the transaction of business.*
3. **Approval of Minutes of Previous Meeting** - *The Minutes of the Annual Stockholders' Meeting held on November 20, 2023 has been posted on the Company's website since November 25, 2023. A resolution approving the minutes will be presented to the stockholders for approval.*
4. **Notation and Approval of Management Report** - *The President and Treasurer will deliver a report to the stockholders on the performance of the Company in 2023 and the outlook for 2024. The audited financial statements as well as financial statements for the interim periods are included in the Information Statement. A resolution noting the report and approving the 2023 audited financial statements will be presented to the stockholders for approval.*
5. **Ratification of Corporate Acts and Resolutions** - *A summary of the acts and resolutions of the Board of Directors, Committees and Management of the Company from the date of the last annual stockholders' meeting can be found under Item 16 of the Information Statement. A resolution on this agenda item will be presented to the stockholders for approval.*
6. **Election of Directors** - *The stockholders shall elect the eleven (11) directors who will serve for the ensuing year. A list of nominees for the position of director has been received by the Company and disclosed under Item 5(f) of the Information Statement. Management recommends the election of the said nominees. Nonetheless, any stockholder may submit nominations to the Board of Directors no later than November 4, 2024. The Corporate Governance Committee shall determine whether the nominees are qualified to serve as director of the Company.*

7. **Appointment of External Auditor** - *The Audit Committee has recommended the reappointment of Isla Lipana & Co. as external auditor for the ensuing year. A resolution for the appointment of the external auditor will be presented to the stockholders for approval.*
8. **Other Matters** - *Management has no other matters to be presented for approval, however, stockholders may raise matters or issues to be taken up at the meeting.*
9. **Adjournment**

Only stockholders of record at the close of business hours on October 11, 2024, are entitled to notice of, and to vote at the Meeting. Stockholders who intend to attend by remote communication are required to accomplish the Registration Form (downloadable from the Company's website at [www.phc.com.ph/ASM.html](http://www.phc.com.ph/ASM.html)) and submit it together with the required documents via email to [2024asm@phc.com.ph](mailto:2024asm@phc.com.ph) on or before November 8, 2024. The link through which the Meeting may be accessed shall be sent to the email address of the registered stockholder. Stockholders may vote electronically subject to validation procedures. The procedure for participating in the Meeting through remote communications and for casting of votes *in absentia* are set forth in the Guidelines on Registration and Participation by Remote Communication and discussed in the Information Statement (SEC Form 20-IS).

If you are unable to join the virtual Meeting but wish to vote on items *in absentia* in the Agenda, you may appoint the Chairman as your proxy with specific voting instructions which will be duly counted. Duly accomplished proxies shall be submitted by email to the Office of the Corporate Secretary at [2024asm@phc.com.ph](mailto:2024asm@phc.com.ph) for inspection, validation and recording on or before November 8, 2024. The Proxy Validation Committee will inspect, examine, and validate the sufficiency of the proxy forms received.

By registering to participate in the Meeting, a stockholder or a proxy of the stockholder allows the Company and its service providers to process their sensitive personal information necessary to verify their identity and authority. A stockholder who fails to comply with the registration requirement will not be able to participate in the Meeting.

Stockholders (or their proxies) whose registration is validated can: (a) view the webcast of the Meeting, (b) vote on the agenda items using the online ballot that will be sent to them; and (c) send their questions, comments or motions on the Agenda items during the Meeting by email to [2024asm@phc.com.ph](mailto:2024asm@phc.com.ph) with the subject "ASM Question/Comment". Stockholders who will participate in the Meeting are encouraged to send their questions, comments, and motions on or before November 13, 2024. Relevant questions on the Agenda items will be read and answered by the concerned officers during the Meeting.

The Definitive Information Statement, Management Report, Audited Financial Statements, Quarterly Reports as of June 30, 2024 and other documents related to the ASM, including the Guidelines on Participation by Remote Communication may be accessed:

1. Through the Company's website at <http://www.phc.com.ph/ASM.html>,
2. Through the PSE EDGE portal via <https://edge.pse.com.ph/> or,
3. By requesting for a copy by sending an email to [2024asm@phc.com.ph](mailto:2024asm@phc.com.ph) with the subject "ASM Materials".

For ASM-related queries, you may send an email to [2024asm@phc.com.ph](mailto:2024asm@phc.com.ph) with the subject "ASM Inquiry" or contact the Office of the Corporate Secretary at +632 8815-8406. For account updating or concerns regarding your shareholdings, please contact our transfer agent, Professional Stock Transfers Inc. at telephone no. +632 8687-4053 or via email directly to Ms. Edelyn Jimeno at email address: [info@professionalstocktransfer.com](mailto:info@professionalstocktransfer.com).

Makati City, 4 October 2024.



**JOHN BENEDICT L. SIOSON**  
Corporate Secretary



# PHILCOMSAT HOLDINGS CORPORATION

12F Telecom Plaza, 316 Sen. Gil Puyat Avenue, Makati City, 1200 Philippines  
Tel. No.: 8815-8406; Fax No.: 8816-2517

## ANNUAL STOCKHOLDERS' MEETING REGISTRATION / PROXY FORM

### I. Required Information (Please tick the appropriate box)

Type of Participant:

Individual  
 Broker  
 Corporate  
 Joint  
 Others (please indicate) \_\_\_\_\_

Individual/Corporate Name: \_\_\_\_\_

Email Address: \_\_\_\_\_

Contact No.: \_\_\_\_\_

Postal Address: \_\_\_\_\_

Name of Authorized Representative: \_\_\_\_\_

(If Corporate / Joint) \_\_\_\_\_

Number of Shares Owned: \_\_\_\_\_

I will attend the remote Stockholders' Meeting on **November 18, 2024** in person or through my authorized representative/proxy.

Yes       No

The instructions and link to attend the stockholders' meeting will be sent to you in the e-mail address that you have indicated herein upon valid registration.

### II. Required Documents

a. For Individual Stockholders –

- 1) A recent photo of the stockholder, with face fully visible
- 2) A scanned or digital copy of the front and back portions of the stockholder's valid government-issued identification card
- 3) Contact details of the stockholder

b. For Stockholders with Joint Accounts –

- 1) A recent photo of each stockholder, with face fully visible
- 2) A scanned or digital copy of the front and back portions of each stockholder's valid government-issued identification card

- 3) Contact details of each stockholder
- 4) A scanned copy of the authorization letter signed by all stockholders providing who among them is authorized to cast the vote for the account

c. For Corporate Stockholders –

- 1) A scanned copy of a Secretary’s Certificate attesting to the authority of the representative to vote for and on behalf of the stockholder-corporation.
- 2) A scanned or digital copy of the front and back portions of the representative’s valid government-issued identification card
- 3) Contact details of the representative

d. For Stockholders represented by Proxy –

- 1) A recent photo of the stockholder, with face fully visible
- 2) A scanned or digital copy of the front and back portions of the stockholder’s valid government-issued identification card
- 3) Contact details of the stockholder
- 4) A recent photo of the proxy, with face fully visible
- 5) A scanned or digital copy of the front and back portions of the proxy’s valid government-issued identification card
- 6) Contact details of the proxy
- 7) A scanned copy of the Proxy Form or authorization letter signed by the stockholder to cast votes for the account

e. For Stockholders under Broker Accounts –

- 1) A scanned copy of the broker’s certification signed by the broker’s duly authorized signatories attesting to the stockholder’s number of shares.
- 2) A scanned or digital copy of the front and back portions of the stockholder’s valid government-issued identification card
- 3) Contact details of the stockholder

Registration Period starts on **October 21 at 8:00 a.m. until November 8, 2024 at 5:00 p.m.**, Philippine time (the “Registration Period”). Beyond the Registration period, stockholders may no longer avail of the option to participate at the Meeting. Submit a scanned or digital copy of this Registration/Proxy Form and other required documents to [2024asm@phc.com.ph](mailto:2024asm@phc.com.ph).

### **III. Manner of Voting (Please tick the appropriate box)**

Voting in Absentia  
 Appointing the Chairman as Proxy

**IV. Ballot (Please tick the appropriate box or fill in the number of votes. Please note that the number of votes a stockholder can have is equivalent to the number of shares registered in his/her/its name multiplied by 11)**

Resolution

1. Approving of Minutes of Previous Meeting

For  Against  Abstain

2. Notation and Approval of Management Report

For  Against  Abstain

3. Ratification of Corporate Acts and Resolutions

For  Against  Abstain

4. Election of Directors

| Name                       | No. of Votes |
|----------------------------|--------------|
| Santiago J. Ranada         | _____        |
| Victoria C. de los Reyes   | _____        |
| Erlinda I. Bildner         | _____        |
| Marietta K. Ilusorio       | _____        |
| Pablo L. Lobregat          | _____        |
| Daniel C. Gutierrez        | _____        |
| Prudencio C. Somera, Jr.   | _____        |
| Kara Ponce-Enrile Rhounimi | _____        |
| *Oliverio L. Laperal, Jr.  | _____        |
| *Odilon T. Sta. Teresa     | _____        |
| *Demaree J. B. Raval       | _____        |

*\*Nominees for Independent Director*

7. Appointment of Isla Lipana & Co. as External Auditor

For  Against  Abstain

8. Other Matters

For  Against  Abstain

The Company allows electronic signatures for required documents and dispenses with the notarization requirement. However, the company reserves the right to request additional information, and original signed and notarized copies of these documents at a later date if it deems necessary.

## **V. Data Privacy Disclosure**

I hereby give my consent for the Company and its authorized third parties to collect, store, disclose, transfer, and process my personal data for the purpose of the live streaming of the 2023 Annual Stockholders' Meeting in accordance with the Company's Data Privacy guidelines and law. Further to this, I give my consent to the recording of the meeting, to be made publicly available thereafter on the Company website, as required by the guidelines promulgated by the Securities and Exchange Commission.

## **VI. Certification of Registrant**

By signing this Form, I hereby certify the following, that:

I am a stockholder of the Company as of Record Date October 11, 2024.

The number of votes covered by this Ballot shall be in accordance with the total number of shares registered in my name as of record date.

I have read, understand and shall abide by the Rules, Regulations and Guidelines issued by the Company to govern the conduct of the Meeting.

In the event I act contrary thereto, the Company has sole discretion to impose its discipline mechanism.

I understand that the quality of my remote Meeting experience depends on my internet provider's services and connectivity and I hold the Company free and harmless of any liability from any interruption, latency or disconnection from the live streaming resulting thereto.

In case of an account with joint owners, or an account in an and/or capacity, I have secured the consent of all other owners in the submission of this Ballot.

In case of a corporate shareholder, I am the authorized representative of the corporation and I am duly authorized to submit this Proxy.

If my shares are lodged with PDTC or registered under the name of a broker, bank or other fiduciary, I hereby authorize the Company or any of its duly authorized representative to request and secure the necessary certification from PDTC or my broker on the number of shares which are registered in my name as of record date and issue the said Proxy in accordance with this Form.

I further hereby certify that my shares are lodged with the following brokers:

Name of Broker: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Contact Details: \_\_\_\_\_

That any and all information contained in this Registration Form, or provided in connection herewith, is true and complete and the Company may rely on the accuracy of any such information.

Name and Signature of Stockholder/Authorized Signatory

Date

It may be necessary to download an application to access the live stream of the meeting. For technical concerns, please send your queries to 2024asm@phc.com.ph with the subject "Technical Assistance". For any clarifications, Stockholders may contact the Office of the Corporate Secretary at 2024asm@phc.com.ph with the subject "ASM Inquiry" or (02) 88158406. Registered stockholders may also send their questions and/or comments during the ASM at 2024asm@phc.com.ph with the subject "ASM Questions/Comments". Clarity of video and audio transmission will depend on the communication and network environment. A Wi-Fi environment is recommended for comfortable viewing on laptops, smartphones or tablets. Communication charges to view such webcast or live streaming are at the viewer's expense.

**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 20-IS  
INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:  
[  ] Preliminary Information Statement  
[  ] Amended Definitive Information Statement
2. Name of Corporation as specified in charter: **PHILCOMSAT HOLDINGS CORPORATION**
3. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**
4. SEC Identification Number **11163**
5. BIR Tax Identification Code **000-471-497**
6. **12/F TELECOM PLAZA BUILDING, SEN. GIL PUYAT AVENUE, MAKATI CITY 1200**  
Address of principal office Postal Code
7. Corporation's telephone number, including area code: **(02) 8815-8406**
8. Date, time and place of the meeting of security holders: **Monday, November 18, 2024, 10:00 A.M., via Remote Communication Only. The link to the meeting will be sent to all registered stockholders. Please refer to Annex "A" for the Guidelines in Registering and Participating via Remote Communication.**
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **October 28, 2024 via PSE Edge and on the Company website**
10. In case of Proxy Solicitations: **N/A**  
Name of Person filing the Statement  
Address and Telephone Number:
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate Corporations):  
Title of Each Class Number of Shares of Common Stock  
Outstanding or Amount of Debt Outstanding  
**COMMON** **996,391,254**
12. Are any or all of Corporation's securities listed in a Stock Exchange?  
Yes [  ] No [  ]

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

**PHILIPPINE STOCK EXCHANGE/Common Stock**

**PART I.**

**INFORMATION REQUIRED IN INFORMATION STATEMENT**

**A. GENERAL INFORMATION**

**Item 1. Date, time, and place of meeting of security holders**

The 2024 Annual Stockholders' Meeting of Philcomsat Holdings Corporation (the "Company") will be held on **Monday, November 18, 2024, at 10:00 a.m. via remote communication**. The link to the meeting will be sent to all registered stockholders. Please refer to **Annex "A" for the Guidelines in Registering and Participating via Remote Communication**.

COMPLETE MAILING ADDRESS OF PRINCIPAL OFFICE OF THE CORPORATION:

**12/F TELECOM PLAZA BUILDING, 316 SEN. GIL PUYAT AVENUE, MAKATI  
CITY**

This Information Statement, Management Report, Annual Report and other pertinent reports will not be distributed in physical form to the Company's stockholders. Instead, in compliance with Section 49 of the RCCP, MC Nos. 3 and 6, Series of 2020 and SEC Notice dated February 23, 2024, the Company will use an authorized and alternative mode of distribution which is to publish the Notice, Information Statement and reports through the Company's website and the PSE Edge at least twenty one (21) days prior to the meeting, or by on **October 28, 2024**. In addition, the Notice of Meeting will be published in the business section of two (2) newspapers of general circulation in print and online format for two (2) consecutive days with the last publication at least 21 days prior to the meeting.

**WE ARE NOT ASKING YOU FOR A PROXY AND  
YOU ARE REQUESTED NOT TO SEND US A PROXY**

**Item 2. Dissenters' Right of Appraisal**

As provided in Title X of the Revised Corporation Code of the Philippines: Any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of the shares in the following instances:

- (a) In case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- (b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in this Code;
- (c) In case of merger or consolidation; and

(d) In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

A dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand on the corporation for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken: *Provided*, That failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the corporation shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken excluding any appreciation or depreciation in anticipation of such corporate action.

If, within sixty (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: *Provided*, That no payment shall be made to any dissenting stockholder or unless the corporation has unrestricted retained earnings in its books to cover such payment: *Provided, further*, That upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer the shares to the corporation.

From the time of demand for payment of the fair value of a stockholder's shares until either the abandonment of the corporate action involved or the purchase of the said shares by the corporation, all rights accruing to such shares, including voting and dividend rights shall immediately be restored.

No demand for payment may be withdrawn unless the corporation consents thereto. If, however, such demand for payment is withdrawn with the consent of the corporation, or if the proposed corporate action is abandoned or rescinded by the corporation or disapproved by the SEC where such approval is necessary, or if the SEC where such stockholder is not entitled to the appraisal right, then the right of the stockholder to be paid the fair value of the shares shall cease, the status as the stockholder shall be restored, and all dividend distributions which would have accrued on the shares shall be paid to the stockholder.

The costs and expenses of appraisal shall be borne by the corporation, unless the fair value ascertained by appraisers is approximately the same as the price which the corporation may have offered to pay the stockholder, in which the corporation may have offered to pay the stockholder, in which case they shall be borne by the latter. In the case of an action to recover such fair value, all costs and expenses shall be assessed against the corporation, unless the refusal of the stockholder to receive payment was unjustified.

Within ten (10) days after demanding payment for shares held, a dissenting stockholder shall submit the certificates of stock representing the shares to the corporation for notation that such shares are dissenting shares. Failure to do so shall, at the option of the corporation, terminate the rights of such dissenting stockholder. If shares represented by the certificates bearing such

notation are transferred, and the certificates consequently cancelled, the rights of the transferor as a dissenting stockholder shall cease and the transferee shall have all the rights of a regular stockholder; and all dividend distributions which would have accrued on such shares shall be paid to the transferee.

### **Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

Apart from election as a director, there is no transaction or matter to be acted upon in the Annual Stockholders' Meeting in which a director, executive officer, or any associate of the foregoing persons, has any substantial interest, direct or indirect, by security holdings or otherwise. No director has informed the Corporation in writing that he intends to oppose any action to be taken by the Corporation at the meeting.

## **B. CONTROL AND COMPENSATION INFORMATION**

### **Item 4. Voting Securities and Principal Holders Thereof**

- (a) **Classification of share entitled to vote.** As of September 30, 2024, there are 996,391,254 common shares outstanding, all of which are entitled to vote.
- (b) **Record Date.** All stockholders of record as of the close of business hours on **October 11, 2024** are entitled to notice of, and to vote, at the Annual Stockholders' Meeting.

No solicitation shall be conducted, and no proxies shall be solicited for this annual stockholders' meeting.

Stockholders may participate in the virtual Meeting by remote communication by themselves or by proxy. All stockholders who will not participate in the meeting via remote communication may vote through the Chairman of the Meeting (as Proxy) and/or submit duly accomplished proxies by email to the office of the Corporate Secretary at [2024asm@phc.com.ph](mailto:2024asm@phc.com.ph) for inspection, validation, and recording at least ten (10) days before the Meeting, or on or before the close of business hours on **November 8, 2024**. The Proxy Validation Committee will inspect, examine, and validate the sufficiency of the proxy forms received. Unless otherwise provided in the proxy, it shall be valid only for the meeting for which it is intended. No proxy shall be valid and effective for a period longer than five (5) years at one time. No broker or dealer shall give any proxy, consent or authorization, in respect of any security carried for the account of a customer, to a person other than the customer, without the express written authorization of such customer. Any stockholder may revoke or cancel his proxy and attend the annual stockholders' meeting via remote communication provided he has complied with the registration procedures and requirements.

- (c) **Voting Rights.** Each share is entitled to one (1) vote. However, with respect to the election of directors, the stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors elected,

or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

(d) **Security Ownership of Certain Record and Beneficial Owners of more than 5% of the voting securities.** The following stockholders appear as record or beneficial owner of more than 5% of the total voting securities of the Corporation as of September 30, 2024.

| Class  | Name/Address of Registered Owner and Relationship with Issuer                                       | Name of Beneficial Owner and Relationship with Beneficial Owner | Citizenship | No. of Shares | %      |
|--------|---|---|-------------|---------------|--------|
| common | Philippine Communications Satellite Corporation, 316 Sen. Gil Puyat Avenue, Makati [R], stockholder | Erlinda I. Bildner, CEO/President of Philcomsat                 | Filipino    | 789,795,690   | 79.26% |
| common | Prudencio C. Somera Jr., c/o 316 Sen. Gil Puyat Avenue, Makati [R], stockholder                     | Prudencio C. Somera Jr., same person                            | Filipino    | 100,000,100   | 10.03% |

While the corporation has yet to receive the proxy forms from the stockholders, it is expected that the President of Philcomsat, Ms. Erlinda I. Bildner, will vote for the shareholdings of Philcomsat; and Mr. Somera will vote for the shares registered in his name in the forthcoming annual stockholders' meeting scheduled on November 18, 2024.

The following lists the security ownership of Management (Directors and Officers) of the Corporation as of September 30, 2024:

| Class  | Name  | Amount and Nature of Beneficial Ownership | Citizenship | %      |
|--------|---|---|-------------|--------|
| Common | Prudencio C. Somera, Jr.                            | 100,000,100 (R)                           | Filipino    | 10.03% |
| Common | Erlinda Bildner                                     | 1,200 (R)                                 | Filipino    | Neg    |
| Common | Daniel C. Gutierrez                                 | 100 (R)                                   | Filipino    | Neg    |
| Common | Santiago Ranada                                     | 3,000,100 (R)                             | Filipino    | 0.30%  |
| Common | Julie Y. Daza                                       | 300,100 (R)                               | Filipino    | 0.03%  |
| Common | Marietta K. Ilusorio                                | 510,000 (R)                               | Filipino    | 0.05%  |
| Common | Pablo L. Lobregat                                   | 100 (R)                                   | Filipino    | Neg    |
| Common | Oliverio L. Laperal Jr.                             | 86,743 (R)                                | Filipino    | Neg    |
| Common | Victoria C. de los Reyes                            | 6,500 (R)                                 | Filipino    | Neg    |
| Common | Odilon T. Sta. Teresa <i>(to be elected)</i>        | 500,000 (R)                               | Filipino    | 0.05%  |
| Common | Demaree J.B. Raval <i>(to be elected)</i>           | 100 (R)                                   | Filipino    | Neg    |
| Common | John Benedict L. Sioson                             | 1,000 (R)                                 | Filipino    | Neg    |
| Common | Directors and Executive Officers as a Group Unnamed | 104,406,143 (R)                           | Filipino    | 10.47% |

The foreign ownership level in the Corporation is 0.08% as of September 30, 2024.

#### Item 5. Directors and Executive Officers

(a) **Board of Directors.** As of September 30, 2024, the following are the directors:

| Name, Age and Citizenship                       | Position | Period Served            | Professional and Business Experience   |
|---|----------|--------------------------|--|
| Victoria C. de los Reyes, 74, Filipino          | Director | November 2019 to Present | Partner, Roxas de los Reyes Laurel & Rosario Law Office, Atty. de los Reyes graduated with a Master of Law degree from the University of Michigan.   |
| Erlinda I. Bildner, 78, Filipino                | Director | April 2007 to Present    | President and CEO-Philippine Communications Satellite Corporation, Vice-Chair and Director-Philippine Overseas Telecommunication Corporation, Director-Montemar Beach Club, Inc., Director and Chair, Finance Committee – Baguio Country Club. Trustee and Vice-Chair of Executive Committee – City University of New York (CUNY) Graduate School, New York City. Ms. Bildner has an MBA from Columbia University, New York. |
| Kara Nicole Ponce-Enrile Rhoumini, 45, Filipino | Director | November 2023 to Present | Senior Executive Vice-President for Property, JIC and JSC of JAKA Investments Corporation, President of Waning Crescent Arts, Inc. Ms. Ponce-Enrile Rhoumini has a Bachelor's degree in Humanities with a Professional Certificate in Management from the University of Asia and the Pacific   |
| Daniel C. Gutierrez, 69, Filipino               | Director | December 2007 to Present | Partner-Soo Gutierrez Leogardo & Lee Law Offices; Law Professor and Bar Reviewer-Arellano University, Director- IBP, former Trustee-GSIS. Atty. Gutierrez graduated from the University of the Philippine College of Law.  |
| Marietta K. Ilusorio, 73, Filipino              | Director | May 2010 to Present      | Director and Vice President, Philippine Overseas Telecommunication Corporation; Director and Vice-President, Philippine Communications Satellite Corporation; Director, Montemar Beach Club, Inc. Ms. Ilusorio graduated from Judson School, Scottsdale, Arizona.  |
| Julie Y. Daza, 82, Filipino                     | Director | December 2015 to Present | Journalist, editor-in-chief, columnist, book author, and award-winning television talk show host. Ms. Daza graduated summa cum laude in Literature, major in Journalism, from the University of Sto. Tomas.  |
| Pablo L. Lobregat, 70, Filipino                 | Director | April 2007 to Present    | President-Crystal Sugar Co., Inc., President/Chairman-Oceanic Wireless Network, Inc., President-Aerocom Investors & Managers, Inc., Director - Philippine Communications Satellite Corporation, Director-Philippine Overseas Telecommunication Corporation. Mr. Lobregat received his degree in Business Management from the Instituto Catolico de   |

|  |          |                          |   |
|--|----------|--------------------------|---|
|  |          |                          | Artes Empresariales in Madrid, Spain.   |
| Oliverio L. Laperal, Jr., 75, Filipino | Director | November 2017 to present | Co-President and Director of Imperial Resources; Co-President and Managing Director of Filipinas Golf & Country Club; President & Managing Director of R.S. Video & Film Productions. Mr. Laperal has an MBA from Cornell University, New York.   |
| Santiago J. Ranada, 87, Filipino       | Director | December 2013 to Present | Partner, Ranada, Malaya Sanchez & Simpao, Specializes in the banking, insurance, maritime and real estate industries and in corporate rehabilitation proceedings, 28 years of service in the Philippine Judiciary as RTC Judge and CA Justice. Justice Ranada graduated from the Ateneo College of Law. |
| Charles J. Horne, 87, American         | Director | November 2022 to Present | Chairman, Intercontinental Pacific Airways, Inc.; Regional Vice President - Halidon International, President - Halidon, Inc.; former Group Senior Vice President - Amherst Group. Mr. Horne is a graduate of the Harvard Advanced Management Program.   |
| Prudencio C. Somera, Jr. 78, Filipino  | Director | August 2004 to Present   | Director – TKC Steel Corporation; Licensed Stockbroker; Columnist – Philippine Daily Inquirer. Mr. Somera holds an MBA from the University of the Philippines.  |

The Corporation is compliant with Securities and Exchange Commission Memorandum Circular No. 4 Series of 2017 as regards the term limits of independent directors. A certification that none of the directors and officers works in the government is attached as well as the hereto as **Annex "E"**.

To assure the stockholders of the qualifications, diligence, industry and commitment of the directors, the appraisal and performance report for the board and the criteria and procedure for assessment shall be presented to the stockholders at the Annual Stockholders' Meeting scheduled on November 18, 2024.

(b) **Executive Officers.** As of September 30, 2024, the following are the Executive Officers:

| Name, Age and Citizenship              | Position  | Period Served | Professional and Business Experience   |
|--|-----------|---------------|--|
| Victoria C. de los Reyes, 74, Filipino | President | October 2023  | Partner, Roxas de los Reyes Laurel & Rosario Law Office, Atty. de los Reyes graduated with a Master of Law degree from the University of Michigan. |

|   |                               |                          |  |
|---|-------------------------------|--------------------------|--|
| Kara Nicole Ponce-Enrile Rhoumini, 45, Filipino | Vice-President                | November 2023 to Present | Senior Executive Vice-President for Property, JIC and JSC of JAKA Investments Corporation, President of Waning Crescent Arts, Inc. Ms. Ponce-Enrile Rhoumini has a Bachelor's degree in Humanities with a Professional Certificate in Management from the University of Asia and the Pacific   |
| Erlinda I. Bildner, 78, Filipino                | Treasurer                     | April 2007 to Present    | President and CEO-Philippine Communications Satellite Corporation, Vice-Chair and Director-Philippine Overseas Telecommunication Corporation, Director-Montemar Beach Club, Inc., Director and Chair, Finance Committee – Baguio Country Club. Trustee and Vice-Chair of Executive Committee – City University of New York (CUNY) Graduate School, New York City. Ms. Bildner has an MBA from Columbia University, New York. |
| John Benedict L. Sioson, 56, Filipino           | Corporate Secretary           | November 2020 to Present | Legal Counsel, Philcomsat Group of Companies. Atty. Sioson holds a Juris Doctor degree from the Ateneo de Manila University and an MBA from École Supérieure de Commerce de Paris.   |
| Clariza A. Reyes, 34, Filipino                  | Assistant Corporate Secretary | November 2023 to Present | Legal Counsel, Philcomsat Group of Companies. Atty. Reyes hold a Juris Doctor degree from Arellano University and an Master Degree in Teaching English from the De La Salle University and a Master Degree in Creative Writing from the University of the Philippines.   |

(c) **Involvement in Certain Legal Proceedings.** The Corporation is not aware of the involvement of its directors and executive officers in any bankruptcy petition, conviction by final judgment, violation of a securities or commodities law or being subject to any such order, judgment or decree within the last 5 years and up to the latest date that is material to their evaluation as directors and executive officers of the Corporation.

The legal proceedings to which the Corporation is a party is contained in the attached Annual Report (SEC Form 17-A, **Annex "B"**).

(d) **Voting trust holders.** No person holds more than five percent (5%) of any class of the Corporation's securities under a voting trust agreement.

(e) **Changes in control.** No arrangements exist which may result in a change in control of the Corporation. There has been no change in control of the Corporation since the beginning of its last fiscal year.

(f) **Nomination of Directors.** The Corporate Governance Committee who took over the functions of the Nominations Committee is composed of Julie Yap-Daza (Chairman), Oliverio L. Laperal, Jr., Charles J. Horne, Pablo L. Lobregat and

Prudencio C. Somera, Jr. Written nominations for the position of director of the Corporation are accepted until the close of business hours on Monday, November 4, 2024 at the principal office of the Corporation. Philcomsat (through its President, Erlinda I. Bildner) has nominated the following as directors of the corporation for the ensuing year: Victoria C. de los Reyes, Erlinda I. Bildner, Pablo L. Lobregat, Santiago J. Ranada, Daniel C. Gutierrez, Marietta K. Ilusorio, Prudencio C. Somera, Kara Ponce-Enrile Rhounimi, Oliverio Laperal, Jr., Odilon T. Sta. Teresa and Demaree J. B. Raval with the last three (3) as independent directors of the Corporation. Mr. Laperal, Mr. Sta. Teresa and Atty. Raval are not related to either Philcomsat or to Ms. Bildner.

Mr. Odilon T. Sta. Teresa is nominated by Atty. de los Reyes as an independent director to replace Ms. Julie Yap Daza whose term expires in November 2024. Mr. Sta. Teresa, 65 years old, Filipino, is the President/CEO of SmartInfo, Inc., Asia Pacific Dragon Realty Corporation, Brightbeam Corporation, Recruitment Center Phils., Inc. and a Director of the Baguio Country Club Corporation. He holds a Bachelor's Degree in Journalism from the University of the Philippines.

Atty. Demaree J.B. Raval is nominated by Ms. Erlinda I. Bildner as an independent director to replace Mr. Charles J. Horne. Atty. Raval, 70 years old, Filipino, is the Vice-President and a Trustee of Transparency International (Philippines), Inc. He holds a Bachelor of Laws degree from the University of the Philippines.

The Certifications of the Independent Directors are attached to this Information Statement as **Annex "D"**.

- (g) **Significant Employees.** The Corporation has no employee who is not an executive officer and who is expected to make a significant contribution to the business.
- (h) **Family Relationships.** Except for Ms. Erlinda I. Bildner and Ms. Marietta K. Ilusorio who are sisters, none of the other nominees are related to each other or to an executive officer within the fourth (4<sup>th</sup>) civil degree of consanguinity or affinity.
- (i) **Certain Relationships and Related Transactions.**
  - (1) There is no transaction during the last two years or proposed transaction to which the Corporation was or is to be a party in which any director, executive officer, nominee for election as a director, security holder owning five percent (5%) or more or a member of their immediate family had or is to have a direct or indirect material interest.
  - (2) This item is not applicable to the Corporation as there has been no transaction where (a) The transaction involves services at rates or charges fixed by law or governmental authority; (b) The transaction involves services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services; (c) The amount involved in the transaction or a series of similar transactions is less than P500,000.00; or (d) The interest of the person arises solely from the ownership of

securities of the registrant and the person receives no extra or special benefit that was not shared equally (pro rata) by all holders of securities of the class.

(3) The Corporation is 79% owned by the Philippine Communications Satellite Corporation which in turn is wholly-owned by the Philippine Overseas Telecommunication Corporation. The remaining 21% is owned by Prudencio Somera, Jr. and the general public.

(4) There has been no transaction with promoters in the past five (5) years.

#### Item 6. Compensation of Directors and Executive Officers

(a) Executive Compensation

(1) and (2) Executive Officers

The following lists the individual compensation of the executive officers for 2021:

| Name                     | Position                  | Salary       | Allowance | Bonus | Total        |
|--------------------------|---------------------------|--------------|-----------|-------|--------------|
| Katrina C. Ponce- Enrile | President                 | 1,500,000.00 | 0.00      | 0.00  | 1,500,000.00 |
| Victoria C. de los Reyes | Vice President            | 326,664.00   | 0.00      | 0.00  | 326,664.00   |
| Erlinda I. Bildner       | Treasurer                 | 1,200,000.00 | 0.00      | 0.00  | 1,200,000.00 |
| Manolita L. Morales      | Asst. Treasurer           | 1,080,000.00 | 0.00      | 0.00  | 1,080,000.00 |
| John Benedict L. Sioson  | Corporate Secretary       | 1,020,000.00 | 0.00      | 0.00  | 1,020,000.00 |
| Jose Pio J. Seva         | Asst. Corporate Secretary | 421,444.00   | 0.00      | 0.00  | 421,444.00   |
| Total                    |                           | 5,548,108.00 | 0.00      | 0.00  | 5,548,108.00 |

The following lists the individual compensation of the executive officers for 2022:

| Name                     | Position                  | Salary       | Allowance | Bonus | Total        |
|--------------------------|---------------------------|--------------|-----------|-------|--------------|
| Katrina C. Ponce- Enrile | President                 | 1,500,000.00 | 0.00      | 0.00  | 1,500,000.00 |
| Victoria C. de los Reyes | Vice President            | 300,000.00   | 0.00      | 0.00  | 300,000.00   |
| Erlinda I. Bildner       | Treasurer                 | 1,200,000.00 | 0.00      | 0.00  | 1,200,000.00 |
| Manolita L. Morales      | Asst. Treasurer           | 1,080,000.00 | 0.00      | 0.00  | 1,080,000.00 |
| John Benedict L. Sioson  | Corporate Secretary       | 1,020,000.00 | 0.00      | 0.00  | 1,020,000.00 |
| Jose Pio J. Seva         | Asst. Corporate Secretary | 421,444.00   | 0.00      | 0.00  | 421,444.00   |
| Total                    |                           | 5,521,444.00 | 0.00      | 0.00  | 5,521,444.00 |

The following lists the individual compensation of the executive officers for 2023:

| Name                       | Position                  | Salary       | Allowance | Bonus | Total        |
|----------------------------|---------------------------|--------------|-----------|-------|--------------|
| Katrina C. Ponce- Enrile*  | President                 | 625,000.00   | 0.00      | 0.00  | 625,000.00   |
| Victoria C. de los Reyes** | Vice President            | 500,000.00   | 0.00      | 0.00  | 500,000.00   |
| Erlinda Bildner            | Treasurer                 | 1,200,000.00 | 0.00      | 0.00  | 1,200,000.00 |
| Manolita L. Morales        | Asst. Treasurer           | 1,080,000.00 | 0.00      | 0.00  | 1,080,000.00 |
| John Benedict L. Sioson    | Corporate Secretary       | 1,020,000.00 | 0.00      | 0.00  | 1,020,000.00 |
| Jose Pio J. Seva***        | Asst. Corporate Secretary | 140,481.00   | 0.00      | 0.00  | 140,481.00   |
| Total                      |                           | 4,565,481.00 | 0.00      | 0.00  | 4,565,481.00 |

\*Until May 2023

\*\*Starting October 2023

\*\*\*Until April 2023

The following lists the individual compensation of the executive officers for 2024 (estimated):

| Name                     | Position                  | Salary       | Allowance | Bonus | Total        |
|--------------------------|---------------------------|--------------|-----------|-------|--------------|
| Victoria C. de los Reyes | President                 | 147,000.00   | 0.00      | 0.00  | 147,000.00   |
| Kara Ponce-Enrile        | Vice President            | 540,000.00   | 0.00      | 0.00  | 540,000.00   |
| Rhounimi                 |                           |              |           |       |              |
| Erlinda Bildner          | Treasurer                 | 810,000.00   | 0.00      | 0.00  | 810,000.00   |
| John Benedict L. Sioson  | Corporate Secretary       | 579,000.00   | 0.00      | 0.00  | 579,000.00   |
| Clariza A. Reyes         | Asst. Corporate Secretary | 0.00         | 0.00      | 0.00  | 0.00         |
| Total                    |                           | 2,076,000.00 | 0.00      | 0.00  | 2,076,000.00 |

### (3) Compensation of Directors

The following lists the individual compensation of the directors for 2021:

| Name                     | Position | Salary | Allowance    | Bonus | Total        |
|--------------------------|----------|--------|--------------|-------|--------------|
| Katrina C. Ponce Enrile  | Director | 0.00   | 300,000.00   | 0.00  | 300,000.00   |
| Erlinda I. Bildner       | Director | 0.00   | 300,000.00   | 0.00  | 300,000.00   |
| Daniel C. Gutierrez      | Director | 0.00   | 300,000.00   | 0.00  | 300,000.00   |
| Pablo L. Lobregat        | Director | 0.00   | 300,000.00   | 0.00  | 300,000.00   |
| Oliverio L. Laperal, Jr. | Director | 0.00   | 300,000.00   | 0.00  | 300,000.00   |
| Victoria de los Reyes    | Director | 0.00   | 0.00         | 0.00  | 0.00         |
| Julie Yap Daza           | Director | 0.00   | 300,000.00   | 0.00  | 300,000.00   |
| Marietta K. Ilusorio     | Director | 0.00   | 300,000.00   | 0.00  | 300,000.00   |
| Santiago J. Ranada       | Director | 0.00   | 600,000.00   | 0.00  | 600,000.00   |
| Jose Ramon C. Ozamiz     | Director | 0.00   | 25,000.00    | 0.00  | 25,000.00    |
| Prudencio C. Somera, Jr. | Director | 0.00   | 25,000.00    | 0.00  | 25,000.00    |
| Total                    |          | 0.00   | 2,750,000.00 | 0.00  | 2,750,000.00 |

The following lists the individual compensation of the directors for 2022:

| Name                     | Position | Salary | Allowance    | Bonus | Total        |
|--------------------------|----------|--------|--------------|-------|--------------|
| Katrina C. Ponce Enrile  | Director | 0.00   | 300,000.00   | 0.00  | 300,000.00   |
| Erlinda I. Bildner       | Director | 0.00   | 300,000.00   | 0.00  | 300,000.00   |
| Daniel C. Gutierrez      | Director | 0.00   | 300,000.00   | 0.00  | 300,000.00   |
| Pablo L. Lobregat        | Director | 0.00   | 300,000.00   | 0.00  | 300,000.00   |
| Oliverio L. Laperal, Jr. | Director | 0.00   | 300,000.00   | 0.00  | 300,000.00   |
| Victoria de los Reyes    | Director | 0.00   | 0.00         | 0.00  | 0.00         |
| Julie Yap Daza           | Director | 0.00   | 300,000.00   | 0.00  | 300,000.00   |
| Marietta K. Ilusorio     | Director | 0.00   | 300,000.00   | 0.00  | 300,000.00   |
| Santiago J. Ranada       | Director | 0.00   | 600,000.00   | 0.00  | 600,000.00   |
| Jose Ramon C. Ozamiz*    | Director | 0.00   | 25,000.00    | 0.00  | 25,000.00    |
| Prudencio C. Somera, Jr. | Director | 0.00   | 25,000.00    | 0.00  | 25,000.00    |
| Charles J. Horne**       | Director | 0.00   | 25,000.00    | 0.00  | 25,000.00    |
| Total                    |          | 0.00   | 2,775,000.00 | 0.00  | 2,775,000.00 |

\*Until November 2022

\*\*Beginning November 2022

The following lists the individual compensation of the directors for 2023:

| Name                     | Position | Salary | Allowance  | Bonus | Total      |
|--------------------------|----------|--------|------------|-------|------------|
| Katrina C. Ponce Enrile* | Director | 0.00   | 125,000.00 | 0.00  | 125,000.00 |
| Erlinda I. Bildner       | Director | 0.00   | 300,000.00 | 0.00  | 300,000.00 |
| Daniel C. Gutierrez      | Director | 0.00   | 300,000.00 | 0.00  | 300,000.00 |
| Pablo L. Lobregat        | Director | 0.00   | 300,000.00 | 0.00  | 300,000.00 |
| Oliverio L. Laperal, Jr. | Director | 0.00   | 300,000.00 | 0.00  | 300,000.00 |
| Victoria de los Reyes    | Director | 0.00   | 0.00       | 0.00  | 0.00       |
| Julie Yap Daza           | Director | 0.00   | 300,000.00 | 0.00  | 300,000.00 |
| Marietta K. Ilusorio     | Director | 0.00   | 300,000.00 | 0.00  | 300,000.00 |
| Santiago J. Ranada       | Director | 0.00   | 600,000.00 | 0.00  | 600,000.00 |
| Prudencio C. Somera, Jr. | Director | 0.00   | 25,000.00  | 0.00  | 25,000.00  |

|                              |          |             |                     |             |                     |
|------------------------------|----------|-------------|---------------------|-------------|---------------------|
| Charles J. Horne             | Director | 0.00        | 300,000.00          | 0.00        | 300,000.00          |
| Kara Ponce-Enrile Rhounimi** | Director | 0.00        | 50,000.00           | 0.00        | 50,000.00           |
| <b>Total</b>                 |          | <b>0.00</b> | <b>2,850,000.00</b> | <b>0.00</b> | <b>2,900,000.00</b> |

\*Until May 2023

\*\*Beginning November 2023

The following lists the individual compensation of the directors for 2024 (estimated):

| <b>Name</b>                | <b>Position</b> | <b>Salary</b> | <b>Allowance</b>    | <b>Bonus</b> | <b>Total</b>        |
|----------------------------|-----------------|---------------|---------------------|--------------|---------------------|
| Erlinda I. Bildner         | Director        | 0.00          | 0.00                | 0.00         | 0.00                |
| Kara Ponce-Enrile Rhounimi | Director        | 0.00          | 0.00                | 0.00         | 0.00                |
| Daniel C. Gutierrez        | Director        | 0.00          | 135,000.00          | 0.00         | 135,000.00          |
| Pablo L. Lobregat          | Director        | 0.00          | 135,000.00          | 0.00         | 135,000.00          |
| Oliverio L. Laperal, Jr.   | Director        | 0.00          | 135,000.00          | 0.00         | 135,000.00          |
| Victoria de los Reyes      | Director        | 0.00          | 0.00                | 0.00         | 0.00                |
| Julie Yap Daza             | Director        | 0.00          | 135,000.00          | 0.00         | 135,000.00          |
| Marietta K. Ilusorio       | Director        | 0.00          | 270,000.00          | 0.00         | 270,000.00          |
| Santiago J. Ranada         | Director        | 0.00          | 540,000.00          | 0.00         | 540,000.00          |
| Prudencio C. Somera, Jr.   | Director        | 0.00          | 135,000.00          | 0.00         | 135,000.00          |
| Charles J. Horne           | Director        | 0.00          | 135,000.00          | 0.00         | 135,000.00          |
| <b>Total</b>               |                 | <b>0.00</b>   | <b>1,620,000.00</b> | <b>0.00</b>  | <b>1,620,000.00</b> |

The directors and executive officers are not guaranteed a bonus, neither do they receive any profit sharing, options, warrants or right to purchase securities of the Corporation, nor are they covered by any pension or retirement plan. Aside from the foregoing, there is no other arrangement or contract pursuant to which any director was or is to be compensated directly or indirectly during the last fiscal year and the ensuing year.

(1) Standard Arrangements. All directors receive allowances in the amount of P25,000.00 per month. Other than the foregoing, there is no standard arrangement with respect to additional amounts payable to the directors for other services, committee participation or special assignments.

(2) Other Arrangements. There are no other arrangements, including consulting contracts pursuant to which any director was compensated, or is to be compensated, directly or indirectly, during the last completed fiscal year, and the ensuing year, by the Corporation for any service provided as a director.

(3) Employment Contracts and Termination of Employment and Change-in-Control Arrangements. There are no employment contracts between the Company and its executive officers, nor any compensatory plan or arrangement, including payments to be received from the Company with respect to its executive officers that will result from the resignation, retirement or any other termination of such executive officer's employment with the Company and its subsidiaries or from a change-in-control of the Company or a change in the named executive officer's responsibilities following a change-in-control.

#### Item 7. Independent Public Accountants

(a) and (b) The present external auditor of the Corporation is Isla Lipana & Co. and is recommended by Management to the stockholders for reappointment. Isla Lipana & Co. was likewise the external auditor of the Corporation for the previous fiscal year.

(c) Representatives from the Isla Lipana & Co. are expected to be present at the Meeting where they will have the opportunity to make a statement if they desire to do so and/or respond to appropriate questions raised by stockholders on the financial statements for the year ended December 31, 2023 or the interim periods.

(d) There have been no disagreements with Isla Lipana & Co. on any accounting and financial disclosure during the two most recent fiscal years or any subsequent interim period.

The Audit Committee of the Corporation is composed of independent directors, Mr. Oliverio L. Laperal, Jr. (Chairman), Ms. Julie Yap-Daza and Mr. Charles Horne, together with Ms. Erlinda I. Bildner and Atty. Victoria C. de los Reyes.

#### **INFORMATION ON INDEPENDENT ACCOUNTANT**

**(a) Audit and Audit-related Fees**

1. The audit of the Corporation's annual financial statements or services that are normally provided with statutory and regulatory filings or engagements for those fiscal years:

The Corporation engaged the services of Isla Lipana & Co to audit its financial statements which comprise the statement of financial position, statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes comprising a summary of significant accounting policies and other explanatory information and to render an opinion on the said statements for year ended December 2023 for which the aggregate amount billed in Philippine Pesos was P581,280. For the year ended December 2022, the aggregate amount billed in Philippine Pesos for the same services was P580,720.

2. Other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements. The Corporation shall describe the nature of the services comprising the fees disclosed under this category.

The Corporation did not require this service in 2023 and 2022.

**(b) Tax Fees**

The Corporation did not require tax advisory services for the years 2023 and 2022.

**(c) All Other Fees**

The Corporation did not need any products or services described above, hence there were no fees paid to the external auditor/s other than those reported under (a) and (b) above for 2023 and 2022.

(d) Approval Policies and Procedures

The audit committee reviews the requirements of the corporation for audit and audit related services and approves the fees prior to the auditor undertaking the work. Such services and fees are confirmed by the Board. The financial statements are approved by the Board before release.

**Item 8. Compensation Plans**

No action is proposed to be taken at the meeting with respect to compensation plans. There are no standard arrangements with, nor any prize, stock, or warrant options in favor of the Corporation's directors and officers.

**C. ISSUANCE AND EXCHANGE OF SECURITIES**

**Item 9. Authorization or Issuance of Securities Other than for Exchange**

No action is intended to be taken with respect to the authorization or issuance of any securities.

**Item 10. Modification or Exchange of Securities**

No action is intended to be taken with respect to the modification of any class of securities of the Corporation, or the issuance or authorization for issuance of one class of securities of the Corporation in exchange for outstanding securities of another class.

**Item 11. Financial and Other Information**

No action is intended to be taken with respect to securities that will require a financial report or summary other than that already included in this Information Statement or in the attached Annual Report (**Annex "B"**), Audited Financial Statements (**Annex "B-1 and B-2"**) and Quarterly Reports (**Annexes "C" and "C-1"**).

**Item 12. Mergers, Consolidations, Acquisitions and Similar Matters**

No action is intended to be taken with respect to any merger, consolidation, acquisition, or similar matter.

**Item 13. Acquisition or Disposition of Property**

No action is intended to be taken with respect to the acquisition or disposition of any property.

**Item 14. Restatement of Accounts**

No action is intended to be taken with respect to the restatement of any asset, capital , or surplus account of the Corporation.

## **D. OTHER MATTERS**

### **Item 15. Action with Respect to Reports**

- (1) Approval of Minutes of the Stockholders' Meeting held on 20 November 2023 where the following matters were approved and/or ratified:
  - a. Approval of the Minutes of the Annual Stockholders' Meeting held on 21 November 2022;
  - b. Approval of the Management Report and Audited Financial Statements for the period ending 31 December 2022;
  - c. Approval and Confirmation of the acts, proceedings and resolutions of the Board of Directors, Executive Committee and the Board and Management Committees and officers;
  - d. Election of Directors;
  - e. Appointment of External Auditors

The said Minutes were uploaded on the Corporation's website on 25 November 2023. As required by Section 49 of the Revised Corporation Code of the Philippines:

- a) *A description of the voting and vote tabulation procedures used in the previous meeting* - All stockholders were given an opportunity to send in their ballots prior to the meeting. The votes were then tabulated by the Office of the Corporate Secretary. In addition, stockholders who attended the meeting and did not send in their ballots were given the opportunity to vote during the meeting if they so desired.
- b) *A description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given* - Stockholders were asked to send in their questions or comments via email to the corporation before the meeting so that the said questions or comments could be properly addressed. In addition, stockholders were also periodically asked if they had any questions or comments during the meeting.
- c) *The matters discussed and resolutions reached and a record of the voting results for each agenda item* –
  - (1) Approval of the minutes of the Annual Stockholders' Meeting held on 21 November 2022
  - (2) Notation and approval of the Management Report and Audited Financial Statements for the year ending December 31, 2022
  - (3) Approval, ratification and confirmation of the acts of the Board of Directors, Committees, Officers and Management since the date of the last annual meeting
  - (4) Election of the following as directors of the Corporation for the ensuing year: Erlinda Bildner, Santiago Ranada, Marietta Ilusorio, Victoria de los Reyes, Pablo Lobregat,

Prudencio Somera, Daniel Gutierrez, Kara Ponce-Enrile Rhounimi, Julie Yap Daza, Oliverio Laperal Jr. and Charles J. Horne.

(5) Appointment of Isla Lipana & Co. as external auditor

d) *Record of the voting results for each agenda item* – Each of the agenda items was approved by stockholders representing 90.08% of the total issued and outstanding capital stock of the Corporation.

e) *The directors, officers and stockholders who attended the meeting were: Directors: Erlinda Bildner, Santiago Ranada, Marietta Ilusorio, Victoria de los Reyes, Pablo Lobregat, Prudencio Somera, Daniel Gutierrez, Julie Yap Daza, Oliverio Laperal Jr., Charles J. Horne, as well as the newly-elected director, Kara Ponce Enrile Rhounimi. Officers: Manolita L. Morales, Bernadette Y. Blanco, and John Benedict L. Sison. Stockholders owing 897,500,733 shares representing 90.08% of the total outstanding shares were present in person and represented by proxy during the meeting.*

f) *Material information on the current stockholders, and their voting rights* - Please refer to item 19 of the Information Statement.

g) *Appraisals and performance report for the board and the criteria and procedure for assessment* – Prior to the meeting, each director was requested to fill-in an Assessment Form evaluating his/her performance, as well as that of the Board, Committees and Management. The assessment contained 21 items wherein the directors were asked to provide a score between 1 to 5, with 1 being the highest and 5 being the lowest. The ratings provided by the directors were then tabulated and the average score for each item was disclosed to the stockholders during the meeting.

h) *Directors' disclosures on self-dealing and related party transactions* - There have been no disclosures by the directors on self-dealing and/or related party transactions.

(2) Notation and Approval the Management Report including the audited financial statements for the fiscal year ending 31 December 2023. The President and Treasurer will report on the significant business transactions undertaken and the financial targets and achievements of the Company in 2023. The audited financial statements for the period ending 31 December 2023 are attached to this Information Statement as “Annexes “B-1” and “B-2”;

#### **Item 16. Matters Not Required to be Submitted**

Though not required to be submitted to the stockholders, the acts of Management, the Board of Directors and committees done in the regular course of business since the last stockholders' meeting to the present are presented to the stockholders for good corporate governance. These acts are reflected in the Minutes of the Board Meetings held on the following dates:

a. November 20, 2023

- 1) Election of Officers
- 2) Constitution of Committees and Appointing Members
- 3) Authority to sign regulatory reportorial requirements
- 4) Update of bank signatories
- 5) Update of signatories to trust accounts and IMAs
- 6) Acceptance of payment of accounts receivable
- 7) Authority to file cases

b. April 12, 2024

- 1) Approval of Financial Statements
- 2) Opening of trust accounts and appointment of trustees
- 3) Opening of credit line
- 4) Approval of representatives to claim stock certificates
- 5) Appointment of representatives for the BIR
- 6) Authority to purchase insurance

c. August 1, 2024 - Convening of Annual Stockholders' Meeting

These actions are subject to annual review by the external auditor. In addition, copies of the Minutes of the Meetings of the Board of Directors may be examined by stockholders of record at the principal office of the Corporation during business hours

#### **Item 17. Amendment of Charter, Bylaws or Other Documents**

There is no proposed action regarding amendment of charter, bylaws or other documents.

#### **Item 18. Other Proposed Action**

- (1) Election of the 11 members of the Board of Directors, including the three (3) independent directors for the ensuing calendar year. As stated in item 5(f), the nominees for director of the corporation are: Victoria C. de los Reyes, Erlinda I. Bildner, Pablo L. Lobregat, Santiago J. Ranada, Daniel C. Gutierrez, Marietta K. Ilusorio, Prudencio C. Somera, Kara Ponce-Enrile Rhonimi as regular directors, and Oliverio Laperal, Jr., Odilon T. Sta. Teresa and Demaree J. B. Raval as independent directors of the Corporation. Please refer to Item 5(f) for their professional experience and educational background.
- (2) Appointment of Isla Lipana & Co. as External Auditors for the ensuing year

#### **Item 19. Voting Procedures**

*For the guidelines in registration and voting in absentia, please refer to the Guidelines on Registration and Participation by Remote Communication attached herein as Annex "A".*

The Corporation currently has 1,196 stockholders collectively holding 996,391,254 shares. For matters other than election of directors, each share is entitled to one (1) vote. An affirmative vote of a majority of the stockholders present in person or by proxy is required for a motion to be approved. With respect however to the proposals to engage in the Corporation's secondary purpose and to enter into a Management Contract, the approval of stockholders representing at least two-thirds of the outstanding capital stock is required.

With respect to the election of directors, the stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors elected, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected. The eleven (11) nominees garnering the highest number of votes shall be proclaimed as elected directors.

All votes shall be counted and tallied by the Corporate Secretary or his duly authorized representative to be assisted by the Corporation's independent accountants.

#### **Item 20. Statement of Management Responsibility and Audited Financial Statements**

The Statement of Management Responsibility for the Corporation's Consolidated and Separate Audited Financial Statements for the year ending 31 December 2023 are attached to the said Financial Statements which in turn are attached to this Information Statement as **Annexes "B-1" and "B-2".**

#### **Item 21. Management Report contained in Annual Report (SEC Form 17-A), Sustainability Report, 1<sup>st</sup> to 2<sup>nd</sup> Quarter Financial Statements (SEC Form 17-Q)**

The Corporation incorporates by reference the information contained in its latest Annual Report (SEC Form 17-A, **Annex "B"**), Sustainability Report (**Annex "B-3"**) and the 1<sup>st</sup> to 2<sup>nd</sup> Quarter Financial Statements (SEC Form 17-Q) of 2024 (**Annexes "C" and "C-1", respectively**).

As a holding company, the Corporation primarily invests in the money market and financial products. It intends to continue such activities in the next twelve (12) months. The Corporation will be able to satisfy its cash requirements and does not have to raise additional funds in the next twelve (12) months and beyond.

(1) Financial Condition, Changes in Financial Condition and Results of Operations during the last three (3) fiscal years and the interim period.

##### **(a) Operations and Financial Condition for the last three (3) Fiscal Years**

###### **2023 vs. 2022:**

In the fiscal year ended December 31, 2023, the Corporation generated revenue of P55.9 million compared to P63.8 million in 2022. Costs and expenses were likewise up in 2023 at P36.0 million compared to P33.3 million in 2022. This resulted in a gross profit of P16.9 million in 2023, down from P37.0 million in

2022. Nonetheless, due to a fair value loss on equity instruments at FVOCI, total comprehensive income in 2023 was P8.8 million compared to a total comprehensive loss of P14 million in 2022.

#### 2022 vs. 2021:

In the fiscal year ended December 31, 2022, the Corporation generated revenue of P63.8 million compared to P57.2 million in 2021. Costs and expenses decreased in 2022 to P33.3 million compared to P38.4 million in 2021. This resulted in a gross profit of P37.0 million in 2022 up from P21.7 million in 2021. However, due to a fair value loss on equity instruments at FVOCI, the Corporation suffered a total comprehensive loss of P14 million in 2022; while in 2021 a fair value gain on equity instruments at FVOCI in 2021 resulted in a total comprehensive income of P38.0 million.

#### **Income Statement (Consolidated) (in P Million)**

|                                   | <b>2023</b> | <b>2022</b>   | <b>2021</b> |
|-----------------------------------|-------------|---------------|-------------|
| Revenue                           | 55.9        | 63.8          | 57.2        |
| Costs and Expenses                | (36.0)      | (33.3)        | (38.4)      |
| Gains or Losses on FX and Sales   | (2.7)       | 6.5           | 2.9         |
| Gross Profit                      | 16.9        | 37.0          | 21.7        |
| Provision for Tax                 | 0.9         | (1.6)         | (1.5)       |
| Net Income (Loss)                 | 17.9        | 35.4          | 20.2        |
| Other Comprehensive Income (Loss) | (9.1)       | (49.4)        | 17.8        |
| <b>TOTAL COMPREHENSIVE INCOME</b> | <b>8.8</b>  | <b>(14.0)</b> | <b>38.0</b> |

#### **Financial Position**

The company's comparative balance sheet is summarized below:

#### **Balance Sheet (Consolidated) (in P Million)**

|                                     | <b>2023</b>    | <b>2022</b>    | <b>2021</b>    |
|-------------------------------------|----------------|----------------|----------------|
| Current Assets                      | 255.5          | 516.9          | 496.6          |
| Available-for-sale financial assets | 912.4          | 950.6          | 1,026.6        |
| Receivables                         | 0              | 5.0            | 8.0            |
| Other Assets                        | 351.8          | 9.59           | 11.0           |
| <b>Total Assets</b>                 | <b>1,519.7</b> | <b>1,482.1</b> | <b>1,542.2</b> |
| Current Liabilities                 | 42.1           | 14.4           | 10.7           |
| Non-current Liabilities             | 19.1           | 20.4           | 19.9           |
| <b>Stockholders' Equity</b>         | <b>1,458.5</b> | <b>1,447.3</b> | <b>1,511.6</b> |

#### **Balance Sheet Accounts (Consolidated)**

#### 2023 vs. 2022:

Current assets of the Corporation as of December 31, 2023 totaled P255.5 million compared to P516.9 million in 2022. Of these amounts, cash and cash equivalents totaled P119.7 million in 2023 compared to P77.3 million in 2022. The Corporation has sufficient cash resources to meet any expected requirement during the next twelve (12) months. The Corporation's investments in AFS financial assets amounted to P912.4 in 2023 compared to P950.6 million in 2022. The Corporation is substantially debt-free and has no material commitments for

capital expenditures. Total current liabilities in 2023 were only P42.1 compared to P14.4 million in 2022. Stockholders' equity increased slightly to P1,458.5 million in 2023 compared to P1,447.3 million in 2022.

**2022 vs. 2021:**

Current assets of the Corporation as of December 31, 2022 totaled P516.9 million in 2022 up from P496.6 million in 2021. Of these amounts, cash and cash equivalents totaled P77.3 million in 2022 and P115.7 million in 2021. The Corporation's investments in AFS financial assets amounted to P950.6 million in 2022 and P1,026.6 million in 2021. Total current liabilities in 2022 amounted to P14.4 million in 2022 slightly increasing from P10.7 million in 2021. Stockholders' equity decreased to P1,447.3 million in 2022 compared to P1,511.6 million in 2021.

**Key Performance Indicators ("KPI")**

The Corporation's KPI for the years ended December 31, 2023, 2022 and 2021 are as follows:

| Performance Indicator | Formula  | 2023     | 2022      | 2021      |
|-----------------------|--|----------|-----------|-----------|
| <i>Liquidity</i>      |  |          |           |           |
| Current Ratio         | $\frac{\text{Current Assets}}{\text{Current Liabilities}}$     | 6.07 : 1 | 35.84 : 1 | 46.52 : 1 |
| <i>Leverage</i>       |  |          |           |           |
| Debt to Equity Ratio  | $\frac{\text{Total Liabilities}}{\text{Stockholders' Equity}}$ | 0.04 : 1 | 0.02 : 1  | 0.02 : 1  |
| Asset to Equity Ratio | $\frac{\text{Total Assets}}{\text{Total Equity}}$              | 1.04 : 1 | 1.02 : 1  | 1.02 : 1  |
| <i>Profitability</i>  |  |          |           |           |
| Return on Assets      | $\frac{\text{Net Income}}{\text{Total Assets}}$                | 1.19%    | 2.89%     | 1.31%     |
| Return on Equity      | $\frac{\text{Net Income}}{\text{Total Equity}}$                | 1.23%    | 2.45%     | 1.34%     |

**Liquidity**

The Corporation's current ratio for 2023 is 6.07 : 1 compared to 35.84 in 2022 and 46.52 in 2021. The Company's liquidity position remains strong.

**Leverage**

Leverage is very low at 0.04:1 in 2023 and 0.02:1 in 2022 and 2021.

**Profitability**

Return on Assets for 2023 is 1.19% compared to 2.89% in 2022 and 1.31% in 2021 while Return on Equity for 2023 is 1.23% compared to 2.45% in 2022 and 1.34% in 2021.

**(b) Interim Periods** - The available financial information of the Corporation is as of the 2<sup>nd</sup> Quarter of 2024. The 3<sup>rd</sup> Quarter Report for the period ending

September 30, 2024 is not yet available as of the date of this Information Statement. Such 3<sup>rd</sup> Quarter Report will, however, be made available to all the stockholders via PSE Edge and the Company's website prior to the meeting.

April to June 2024 vs. April to June 2023

Revenue increased to P12.9 million in 2Q 2024 from P9.1 million in 2Q 2023. Costs and expenses remained almost the same from P7.7 million in 2Q 2024 compared to P7.8 million in 2Q 2023. Gross profit was up to P6.7 million in 2Q 2024 compared to almost nil in 2Q 2023. Owing to provisions for tax and other comprehensive loss of P6.9 million, the Corporation suffered a total comprehensive loss of P0.2 million in the 2Q 2024 which is better than the total comprehensive loss suffered by the Corporation of P7.4 million in 2Q 2023.

January to June 2024 vs. January to June 2023

For the first six months of 2024, the Corporation generated revenue of P25.9 million, close to the P25.5 million revenue generated in the first six months of 2023. Costs and expenses remained the same for both periods at P15.6 million. However, due to gains on FX and sales, the Corporation ended with a gross profit of P12.1 million for the first six months of 2024. On the other hand, losses on FX and sales of P2.1 million drove down the gross profit of the Corporation to P7.8 million for the first six months of 2023. Provisions for income tax reduced the Corporation's net income to P11.2 million in the first six months of 2024, while deferred tax increased the Corporation's next income to P9.0 million in the first six months of 2023. With unrealized gains on equity instruments at FVOCI, total comprehensive income of the Corporation for the first six months of 2024 was P11.3 million, compared to P5.7 million in the first six months of 2023.

January to June 2024 vs. December 31, 2023

Revenue generated by the Corporation during the first half of 2024 was at P25.9 million or almost half of the revenue generated at year-end 2023 at P55.9 million. Costs and expenses of P15.6 million during the first half of 2024 are less than the total costs and expenses of P36.1 million at year-end 2023. Losses on FX and Sales of P2.9 million drove gross profit for 2023 to P16.9 million while gains on FX and Sales of P1.8 million led to gross profits of P12.1 million for the first half of 2024. After provisions for tax, net income during the first half of 2024 is at P11.2 million compared to P17.8 million at year-end 2023. With a slight gain on equity instruments at FVOCI, total comprehensive income of the Corporation for the first half of 2024 is at P11.3 million, which is higher than total comprehensive income of P8.8 million at year-end 2023.

**Income Statement (Consolidated)**  
**(P Million)**

|  | Apr to Jun | Apr to Jun | Jan to Jun | Jan to Jun | Dec 31, |
|--|------------|------------|------------|------------|---------|
|  |            |            |            |            |         |

|                                   | 2024         | 2023         | 2024        | 2023       | 2023       |
|-----------------------------------|--------------|--------------|-------------|------------|------------|
| Revenue                           | 12.9         | 9.1          | 25.9        | 25.5       | 55.9       |
| Costs and Expenses                | (7.7)        | (7.8)        | (15.6)      | (15.6)     | (36.1)     |
| Gains or Losses on FX and Sales   | 1.5          | (1.3)        | 1.8         | (2.1 )     | (2.9)      |
| Gross Profit                      | 6.7          | 0.0          | 12.1        | 7.8        | 16.9       |
| Provision for Tax                 | (0.6)        | 0.0          | (0.9)       | 1.2        | 0.9        |
| Net Income (Loss)                 | 6.1          | 0.0          | 11.2        | 9.0        | 17.8       |
| Other Comprehensive Income (Loss) | (6.3)        | (7.4)        | 0.1         | (3.3)      | 9.0        |
| <b>TOTAL COMPREHENSIVE INCOME</b> | <b>(0.2)</b> | <b>(7.4)</b> | <b>11.3</b> | <b>5.7</b> | <b>8.8</b> |

## Financial Position

The company's comparative balance sheet is summarized below:

**Balance Sheet (Consolidated)**  
(P Million)

|                                     | Jan to Jun<br>2024 | Jan to Jun<br>2023 | Dec 31,<br>2023 |
|-------------------------------------|--------------------|--------------------|-----------------|
| Current Assets                      | 254.5              | 518.4              | 255.5           |
| Available-for-sale financial assets | 887.2              | 949.8              | 912.4           |
| Receivables                         | 0                  | 5.0                | 0               |
| Other Assets                        | 355.9              | 11.8               | 351.8           |
| <b>Total Assets</b>                 | <b>1,497.6</b>     | <b>1,485.0</b>     | <b>1,519.7</b>  |
| Current Liabilities                 | 8.2                | 10.2               | 42.1            |
| Non-current Liabilities             | 19.6               | 20.3               | 19.1            |
| <b>Stockholders' Equity</b>         | <b>1,469.8</b>     | <b>1,454.5</b>     | <b>1,458.5</b>  |

## Balance Sheet Accounts (Consolidated)

### 2Q 2024 vs. 2Q 2023

Current assets of the Corporation as of the second quarter of 2024 decreased to P254.5 million as a result of a reclassification of some assets of the Corporation compared to P518.4 million as of the second quarter of 2023. However, the total assets of the Corporation increased from P1,485.0 million as of the second quarter of 2023 to P1,497.6 million as of the second quarter of 2024. Liabilities decreased to P27.8 million as of the second quarter of 2024 compared to P30.5 million as of the second quarter of 2023. Stockholders' equity increased to P1,469.8 million as of the second quarter of 2024 compared to P1,454.5 as of the second quarter of 2023.

### 2Q 2024 vs. Year-End 2023

Current assets of the Corporation decreased slightly to P254.5 million in the second quarter of 2024 compared to P255.5 million as of year-end 2023. The Corporation has sufficient cash resources to meet any expected requirement during the next twelve (12) months. The Corporation's investments in AFS financial assets amounted to P887.2 million in the second quarter of 2024

compared to P912.4 million in 2023. The Corporation is substantially debt-free and has no material commitments for capital expenditures. Total current liabilities in the second quarter of 2024 amounted to P8.2 million compared to P42.1 million at year-end 2023. Stockholders' Equity increased to P1,469.8 million as of the second quarter of 2024 compared to P1,458.5 million at year-end 2023.

### **Key Performance Indicators (“KPI”)**

The Corporation's KPI for the second quarter of 2024, compared to the year ended December 31, 2023 are as follows:

| <b>Performance Indicator</b> | <b>Formula</b>   | <b>2Q 2024</b> | <b>2023</b> |
|------------------------------|--|----------------|-------------|
| <i>Liquidity</i>             |  |                |             |
| Current Ratio                | $\frac{\text{Current Assets}}{\text{Current Liabilities}}$     | 30.99: 1       | 6.07: 1     |
| <i>Leverage</i>              |  |                |             |
| Debt to Equity Ratio         | $\frac{\text{Total Liabilities}}{\text{Stockholders' Equity}}$ | 0.02: 1        | 0.04 : 1    |
| Asset to Equity Ratio        | $\frac{\text{Total Assets}}{\text{Total Equity}}$              | 1.02: 1        | 1.04 : 1    |
| <i>Profitability</i>         |  |                |             |
| Return on Assets             | $\frac{\text{Net Income}}{\text{Total Assets}}$                | 0.41%          | 1.19%       |
| Return on Equity             | $\frac{\text{Net Income}}{\text{Total Equity}}$                | 0.42%          | 1.23%       |

#### Liquidity

The Corporation's current ratio for the second quarter of 2024 is 30.99:1. The Company's liquidity position remains strong.

#### Leverage

Leverage is very low at 0.02:1 for the same interim period.

#### Profitability

Return on Assets is at 0.41% while Return on Equity is at 0.42% as of the second quarter of 2024.

### **Notes to Financial Statements**

#### *Accounting Policies and Principles*

The financial statements for the years 2023, 2022, and 2021 are presented in accordance with generally accepted accounting principles applied on a consistent basis.

#### *Seasonality Aspects of the Business*

The operations of PHC are not affected by seasonality or cyclical.

#### *Past and Future Financial Condition and Results of Operations* – For 2023 and 2022, please refer

to the above discussion. For prior years, please refer to the Corporation's previous annual reports. Inasmuch as there are no known material events or commitments that are likely to affect the Corporation, it is expected that the future financial condition and results of operation would remain the same as the present.

*Material Changes*

(a) Any Known Trends, Events or Uncertainties (Material Impact on Liquidity)

There is no known trend, event or uncertainty that would have a material impact on liquidity.

(b) Event that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation

There is no event that may trigger a direct financial obligation that is material to the Corporation.

(c) All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

There is no material off-balance sheet transaction, arrangement, obligation or other relationship with unconsolidated entities or persons during the reporting period.

(d) Material Commitments for capital expenditures and expected sources of funds for such expenditures.

The company has no material commitment for capital expenditures.

(e) Any Known Trends, Events or Uncertainties (Material Impact on Sales)

There is no known trend, event or uncertainty that will have a material impact on sales.

(f) Any Significant Elements of Income or Loss (from continuing operations)

There is no significant element of income from continuing operations.

(g) Causes for Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%)

1. Increases and decreases in cash and cash equivalents, receivables and due from related parties as a result of reclassification of some current assets, the net of which nevertheless still resulted in an increase in total current assets.

2. Decrease in right of use (ROU) assets as a result of depreciation and no significant addition of assets.
3. Decrease in financial assets at fair value through other comprehensive income due to unrealized losses credited to FVOCI.
4. Decrease in non-current receivables due to payments collected.
5. Increase in current liabilities due to dividends payable as a result of the declaration of tax dividends.
6. Increase in current and non-current lease liabilities in connection with the contract of lease of the Corporation over its office space which includes an escalation clause.
7. Decrease in other equity reserves as a result of unrealized fair value losses of financial assets measured as FVOCI

(h) Seasonal Aspects that have a Material Effect on the FS

None.

### **MARKET PRICE AND DIVIDENDS**

(1) Market Information

- a. Principal Market
  - i. The principal market where the Corporation's common equity is traded is the Philippine Stock Exchange
  - ii. There have been no high and sales prices for the last two fiscal years and subsequent interim periods as trading of the Corporation's common equity has been suspended since 2 May 2007.
- b. The last trade price of the Corporation's shares on 2 May 2007 was P1.40.

(2) Holders

- a. As of September 30, 2024, there are 1,196 holders of the Corporation's shares. The Corporation only issues one (1) class of shares, which are common shares.
- b. As of September 30, 2024, the top twenty (20) shareholders are as follows:

| Name                                      | No. of Shares | Percentage |
|---|---------------|------------|
| Philippine Communications Satellite Corp. | 783,945,590   | 78.68%     |
| Prudencio Somera Jr.                      | 100,000,100   | 10.03%     |
| Oliverio G. Laperal                       | 49,556,500    | 4.97%      |
| PCD Nominee Corporation                   | 15,864,534    | 1.59%      |
| RCBC T/A 236-235                          | 4,802,413     | 0.48%      |
| Prince Resources, Inc.                    | 4,000,000     | 0.40%      |
| Victoria C. de los Reyes                  | 3,006,500     | 0.30%      |
| Santiago J. Ranada                        | 3,000,100     | 0.30%      |
| Marino Olondriz y Cia                     | 2,985,600     | 0.29%      |
| Jose Ma. Ozamiz                           | 2,700,000     | 0.27%      |
| RCBC T/A 36-250                           | 2,689,000     | 0.26%      |

|  |           |       |
|--|-----------|-------|
| Philippine Oil Development Corporation | 1,500,000 | 0.15% |
| Bernadette Y. Blanco                   | 1,000,000 | 0.10% |
| Imperial Resources, Inc.               | 800,000   | 0.08% |
| Oliverio Laperal Jr.                   | 776,743   | 0.07% |
| Marietta K. Ilusorio                   | 510,000   | 0.05% |
| Benjamin Co Ca & Co., Inc.             | 504,300   | 0.05% |
| Dennis R. Manzanal                     | 500,100   | 0.05% |
| Abraham R. Abesamis                    | 500,000   | 0.05% |
| Lawrence R. Pagal                      | 500,000   | 0.05% |

**(3) Dividends**

The most recent dividend payment was on November 20, 2022 when the Board declared a cash dividend of P0.05 per common share. There is no restriction that limits payment of dividends on common shares.

**(4) Recent Sales of Unregistered or Exempt Securities**

There have been no recent sales of unregistered or exempt securities by the Corporation or recent issuances of securities constituting an exempt transaction.

**Item 22. Corporate Governance**

**1. Evaluation System**

The Corporation adheres to the highest principles of good corporate governance as embodied in its By-Laws and Corporate Governance Manual. It subscribes to the philosophy of integrity, accountability, and transparency in its manner of doing business dealing fairly with its clients, investors, stockholders, and the communities affected by its various activities. The Corporation espouses professionalism among the members of its Board of Directors, executives, and employees in managing the Corporation and its subsidiaries and respect for laws and regulations.

The Corporation has adopted the Revised Corporate Governance Manual aligned with recently issued regulatory guidelines. The Corporation's Compliance Officer evaluates and monitors compliance with the Manual and other regulatory guidelines by the Corporation and its directors and responsible officers.

**2. Measures to comply with leading practices on good corporate governance**

The directors and key officers attended Corporate Governance Seminars in 2022 and 2023 which were duly reported to the SEC. The directors and the key officers of the Corporation are always advised to undergo continued training in corporate governance to keep abreast of developments in Corporate Governance. The directors and key officers are scheduled to attend another Corporate Governance Seminar in the 4<sup>th</sup> quarter of 2024.

Appraisal and performance report for the board and the criteria and procedure for

assessment shall be presented to the stockholders at the Annual Stockholders' Meeting scheduled on November 18, 2024.

### **3. Any deviation from the Manual of Corporate Governance**

There have been no material deviations from the Corporation's Manual of Corporate Governance noted by the Corporation's Compliance Officer.

### **4. Any plan to improve corporate governance**

The Corporation shall update its policies and procedures in accordance with current corporate governance guidelines of the SEC and the Philippine Stock Exchange, with the philosophy of integrity, accountability, and transparency.

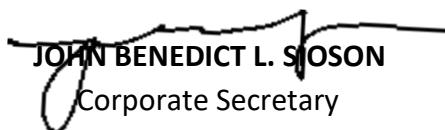
A copy of the Corporation's Annual Report or SEC Form 17-A, as well as the 1st and 2nd Quarter Reports for 2024, are attached to this Information Statement and are available online on the Corporation's website and on PSE Edge. A copy of the Corporation's 3rd Quarter Report will likewise be published online in the same sources once available.

**THE CORPORATION WILL PROVIDE WITHOUT CHARGE TO EACH PERSON UPON WRITTEN REQUEST OF ANY SUCH PERSON, HARD COPIES OF THE CORPORATION'S ANNUAL/QUARTERLY REPORT OR SEC FORM 17-A/17-Q. SUCH WRITTEN REQUEST SHOULD BE DIRECTED TO THE CORPORATE SECRETARY BY MAIL TO THE 12/F TELECOM PLAZA BUILDING, 316 SEN. GIL PUYAT AVENUE, MAKATI CITY, BY TELEPHONE AT (02) 8815-8406 OR VIA EMAIL AT [2024asm@phc.com.ph](mailto:2024asm@phc.com.ph).**

Pursuant to the requirements of the Securities Regulation Code, the Corporation has duly caused this report to be signed on its behalf by the undersigned hereto duly authorized who, after reasonable inquiry and to the best of his knowledge and belief certifies that the information set forth in this report is true, complete and correct.

Makati City, October 23, 2024.

**FOR THE BOARD OF DIRECTORS:**

  
JOHN BENEDICT L. SIOSON  
Corporate Secretary



# PHILCOMSAT HOLDINGS CORPORATION

12F Telecom Plaza, 316 Sen. Gil Puyat Avenue, Makati City, 1200 Philippines

Tel. No.: 8815-8406; Fax No.: 8816-2517

## GUIDELINES ON PARTICIPATION BY REMOTE COMMUNICATION

### I. Coverage

These Guidelines cover all stockholders of Philcomsat Holdings Corporation (the "Company") who wish to participate at the Company's Annual Stockholders' Meeting (the "Meeting") on November 18, 2024 either by remote communication, by appointing another person as Proxy, by voting in absentia or by appointing the Chairman as Proxy.

### II. Registration

1. *Who May Register* – Only stockholders of record as of the close of business hours on October 11, 2024 may register their participation at the Meeting.
2. *When to Register* – The registration period for stockholders who intend to participate at the Meeting by remote communication, or for stockholders who, while not intending to participate at the Meeting by remote communication, nevertheless wish to vote *in absentia* shall start on October 21, 2024 at 8:00 a.m. until November 8, 2024 at 5:00 p.m., Philippine time (the "Registration Period"). Beyond the Registration period, stockholders may no longer avail of the option to participate at the Meeting or vote *in absentia*.
3. *How to Register* – Stockholders must send a scanned or digital copy of their Registration Form, together with the following documents to the email address [2024asm@phc.com.ph](mailto:2024asm@phc.com.ph) within the Registration period for validation.
  - a. For Individual Stockholders –
    - 1) A recent photo of the stockholder, with face fully visible
    - 2) A scanned or digital copy of the front and back portions of the stockholder's valid government-issued identification card
    - 3) Contact details of the stockholder

- b. For Stockholders with Joint Accounts –
  - 1) A recent photo of each stockholder, with face fully visible
  - 2) A scanned or digital copy of the front and back portions of each stockholder's valid government-issued identification card
  - 3) Contact details of each stockholder
  - 4) A scanned copy of the authorization letter signed by all stockholders providing who among them is authorized to cast the vote for the account
- c. For Corporate Stockholders –
  - 1) A scanned copy of a Secretary's Certificate attesting to the authority of the representative to vote for and on behalf of the stockholder-corporation.
  - 2) A scanned or digital copy of the front and back portions of the representative's valid government-issued identification card
  - 3) Contact details of the representative
- d. For Stockholders represented by Proxy –
  - 1) A recent photo of the stockholder, with face fully visible
  - 2) A scanned or digital copy of the front and back portions of the stockholder's valid government-issued identification card
  - 3) Contact details of the stockholder
  - 4) A recent photo of the proxy, with face fully visible
  - 5) A scanned or digital copy of the front and back portions of the proxy's valid government-issued identification card
  - 6) Contact details of the proxy
  - 7) A scanned copy of the Proxy Form or authorization letter signed by the stockholder to cast votes for the account
- e. For Stockholders under Broker Accounts –
  - 1) A scanned copy of the broker's certification signed by the broker's duly authorized signatories attesting to the stockholder's number of shares.
  - 2) A scanned or digital copy of the front and back portions of the stockholder's valid government-issued identification card
  - 3) Contact details of the stockholder

4. *Validation of Registration* – The validation of the Stockholder’s Registration Form shall be completed by the Company within three (3) business days from receipt thereof. The Company will send an email confirming successful validation of the Stockholder’s registration. Please note that submission of incomplete or inconsistent information may result in an unsuccessful registration. The Registration Form can be accessed and downloaded at our website <http://www.phc.com.ph/ASM.html>.

*Note: The Company allows electronic signatures for the required documents and dispenses with the notarization requirements. However, the Company reserves the right to request additional information, and original, signed, and notarized copies of these documents at a later date, as it deems necessary.*

### **III. Voting Process**

1. *Who Can Vote*
  - a. *Stockholder Participating through Remote Communication* – Stockholders participating through remote communication can vote on all matters for approval.
  - b. *Stockholder Appointing the Chairman as Proxy* – Stockholders may give the Chairman, as Presiding Officer, the authority to vote on all matters for approval, by appointing the Chairman as Proxy in the Registration Form.
  - c. *Stockholder Appointing His/Her/Its Own Proxy* – Stockholders may give his/her/its representative, the authority to vote on all matters for approval, by appointing a Proxy in the Registration Form.
2. *How to Access the Ballot*

Stockholders who intend to participate via remote communication must have validly registered within the Registration Period. Upon successful registration, the stockholder (or his/her/its Proxy) will receive an electronic mail confirming the registration. The stockholder (or his/her/its Proxy) may submit the Ballot in the Registration Form in advance or participate in the voting process *viva voce*.

Stockholders appointing the Chairman as Proxy or voting *in absentia* shall fill in the ballot in the Registration Form.

3. *When to Vote*

Stockholders (or his/her/its Proxy) participating via remote communication may either vote before or during the Meeting. Stockholders not participating at the Meeting via remote communication but voting *in absentia* or appointing the Chairman as proxy shall submit their ballot together with the Registration Form on or before the close of business hours on November 8, 2024. Votes cast *in absentia* will have equal effect as votes cast by proxy.

4. *How to Vote*

- a. For items other than the Election of Directors, the stockholder has the option to vote: For, Against, or Abstain. The vote is considered cast for all the stockholder's shares.
- b. For the Election of Directors, the stockholder may vote for all nominees, not vote for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected.

5. *Appraisal Right*

Stockholders who dissent with any resolution adopted by the majority which may give rise to the exercise of appraisal rights, should follow the procedure described in Item 2 of the attached Information Statement (SEC Form 20-IS)

**IV. Tabulation & Validation of Votes**

The Proxy Validation Committee will tabulate all votes received and validate the results. Stockholders who register and vote are hereby deemed to have given their consent to the collection, use storing, disclosure, transfer sharing and general processing of their personal data by the Company and by any other relevant third party for the purpose of electronic voting in the Meeting and for all other purposes for which the stockholder can cast his/her/its vote as a stockholder of the Company.

## **V. Determination of Quorum**

Only those stockholders who have notified the Company of their intention to participate in the Meeting by remote communication, and who have successfully registered during the Registration Period, together with the stockholders who voted *in absentia* will be included in the determination of quorum.

## **VI. Access to the Live Meeting**

The Company will send all registered stockholders who signified their intention to participate at the Meeting the link to the live webcast of the Meeting via email no later than two (2) business days prior to the date of the Meeting. Registered Stockholders may be required to download an application or register an account to access the live webcast of the meeting. For any technical assistance, stockholders may send their questions or concerns prior to the date of the meeting via email to [2024asm@phc.com.ph](mailto:2024asm@phc.com.ph) with the subject “Technical Assistance” where our IT personnel can assist them. Stockholders are requested to log onto the meeting link at least 15 minutes before the meeting starts to avoid any technical difficulty.

## **VII. Stockholders' Questions/Comments During the Meeting**

Stockholders may send their questions and/or comments during the meeting by email to [2024asm@phc.com.ph](mailto:2024asm@phc.com.ph) with subject “ASM Question/Comment”. Stockholders who will participate in the Meeting are encouraged to send their questions and comments before 5:00 p.m. on November 13, 2024. Relevant questions on the agenda items will be read and answered by concerned officers during the meeting.

## **VIII. Recording of the Annual Meeting**

Upon adjournment, the Company shall post the recorded webcast of the Meeting on the Company’s website, for two (2) weeks. Within this period, stockholders may raise with the Company any issues, clarifications and concerns on the Meeting conducted. The Minutes shall be made available on the Company’s website within five (5) days after the Meeting.

## **IX. Other Matters**

For any clarifications or other concerns, stockholders may contact the Office of the Corporate Secretary at [2024asm@phc.com.ph](mailto:2024asm@phc.com.ph) with the subject “ASM Inquiry” or through telephone no. +632 8815-8406.

**SECURITIES AND EXCHANGE COMMISSION****SEC FORM 17-A, AS AMENDED****ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE AND SECTION 141  
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended *31 December 2023*
2. SEC Identification Number *11163*
3. BIR Tax Identification No. *000-471-497-000*
4. Exact name of issuer as specified in its charter *Philcomsat Holdings Corporation*
5. *Philippines*  
Province, Country or other jurisdiction of incorporation or organization
6.  (SEC Use Only)  
Industry Classification Code:
7. *12/F Telecom Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City* *1200*  
Address of principal office Postal Code
8. *(632) 8815-8406*  
Issuer's telephone number, including area code
9. N/A  
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA  

| Title of Each Class | Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding |
|---------------------|---|
| <i>Common</i>       | <i>996,391,254</i>  |
11. Are any or all of these securities listed on a Stock Exchange.  
Yes  No   
If yes, state the name of such stock exchange and the classes of securities listed therein:  
*Philippine Stock Exchange* *60,000,000 common shares*
12. Check whether the issuer:
  - (a) Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports).  
Yes  No
  - (b) Has been subject to such filing requirements for the past ninety (90) days

Yes [ x ]    No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the Corporation.

As of 31 December 2023, the aggregate market value of the voting stock held by non-affiliates of the Corporation is P153,014,497. Trading of the Corporation's shares are however suspended.

**APPLICABLE ONLY TO ISSUERS INVOLVED IN  
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS  
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission

Not applicable

**DOCUMENTS INCORPORATED BY REFERENCE**

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

- (a) Any annual report to security holders
- (b) Any information statement filed pursuant to SRC Rule 20
- (c) Any prospectus filed pursuant to SRC Rule 8.1

None of the above documents are incorporated by reference.

**PART I - BUSINESS AND GENERAL INFORMATION**

**Item 1. Business**

**(1) *Business Development***

**(a) Form and Date of Organization of the Corporation**

Philcomsat Holdings Corporation, formerly Liberty Mines, Inc., was incorporated on May 10, 1956. On January 10, 1997, the Corporation approved amendments of its Articles of Incorporation, changing its primary purpose from embarking in the discovery, exploitation, development and exploration of mineral oils, petroleum in its natural state, rock or carbon oils, natural oils and other volatile mineral substances to a holding company and changing its name and declassifying its shares. These changes were filed with the Securities and Exchange Commission (SEC) on April 14, 1997 and were approved by the SEC on July 23 and September 12, 1997, respectively. The authorized capital of the Corporation is One Billion Pesos (P1,000,000,000.00) divided into one billion (1,000,000,000) common shares with a par value of P1.00 per share. Of the total authorized capital stock, sixty million (60,000,000) shares are listed at the Philippine Stock Exchange (PSE). While the SEC approved the registration of the remaining 940,000,000 shares on August 31, 2000, the PSE considered the Corporation's application abandoned. A later attempt to revive the Corporation's application for listing at the PSE was deferred at the objection of then PCGG Chairman Camilo Sabio in his letter dated March 1, 2005 to the PSE.

In May 2006, the Corporation amended its articles of incorporation extending the life of the Corporation for another fifty (50) years or until 2056. This extension however has been rendered moot by the Revised Corporation Code and the rules of the SEC that grant perpetual existence to corporations.

The Corporation is a subsidiary of the Philippine Communications Satellite Corporation (“Philcomsat”) which owns approximately seventy-nine percent (79%) of the outstanding capital stock of the Corporation.

The Corporation owns 100% of Philcomsat Management Enterprises, Inc. which in turn owns Professional Stock Transfer, Inc.

(b) Bankruptcy, Receivership or Similar Proceeding

The Corporation is not involved in any bankruptcy, receivership or similar proceeding.

(c) Material Reclassification, Merger, Consolidation, Purchase/Sale of Assets not in the Ordinary Course of Business

The Corporation is not involved in any material reclassification, merger, consolidation, purchase or sale of assets not in the ordinary course of business.

**(2) *Business of the Corporation***

(a) Description

(i) Products/Services/Facilities

The Corporation holds investments in money market placements and financial instruments. At the annual stockholders' meeting held on 21 November 2022, the stockholders adopted a resolution authorizing the Corporation to engage in its secondary purpose of managing hotels and resorts. Currently, there is no product or service that contributes ten percent (10%) or more to sales or revenue.

(ii) Foreign Sales

The Corporation does not have any foreign sales or revenues.

(iii) Distribution of Products and Services

The Corporation does not distribute any facility, product and service.

(iv) Status of Publicly Announced New Product

The Corporation does not have a publicly announced new product.

(v) Competition

The Corporation does not have direct competitors for its money market operations.

(v) Raw Materials and Supplies

The Corporation's facilities, services and products do not require the use of raw materials and supplies.

(vi) Major Customers

This disclosure is not applicable to the Corporation's business.

(vii) Dependency on single/few customers that account for 20% of sales.

This disclosure is not applicable to the Corporation's business.

(viii) Transactions with/Dependence on Related Parties

Among the transactions with related parties are receivables from the Philippine Communications Satellite Corporation (Philcomsat) and Montemar Beach Club, Inc. The Corporation likewise has a lease agreement with Philcomsat for the rent of its office space. In addition, PSTI acts as stock transfer agent of the Corporation. Details of these RPTs are found in Note 15 of the attached Consolidated Financial Statements.

In addition, at the annual stockholders' meeting held on 21 November 2022, the stockholders adopted a resolution authorizing the Corporation to engage in its secondary purpose of managing hotels and resorts, which the Corporation intends to pursue with the Montemar Beach Club, Inc.

(ix) Patents, Trademarks, Licenses, etc.

The Corporation does not own any patent, trademark, license or franchise.

(x) Government Approval

This disclosure is not applicable to the Corporation's business as the Corporation has no principal product or service that requires government approval.

(xi) Effect of Governmental Regulations

The Corporation does not expect to be affected by any existing or probable governmental regulations aside from those issued by the PSE and the SEC.

(xii) Research and Development Activities

The Corporation has no expenditures for research and development for the last three (3) fiscal years.

(xiii) Environmental Laws

This disclosure is not applicable to the Corporation's business and concerns.

(xiv) Number of Employees

As of 31 December 2023, the Board of Directors has not engaged any regular employee. The Corporation's businesses and concerns were managed and handled by the executives, staff members and consultants of Philcomsat, the 79% owner of the Corporation.

The Corporation has no collective bargaining agreement and there had been no strikes or threats of strike within the past three (3) years.

The Corporation may consider employing full-time staff within the next twelve (12) months should the need arise. Management does not foresee granting any supplemental benefit or incentive arrangement with future employees.

(xv) Major risks

Being involved in money market operations, the major risks of the Corporation are the fluctuation of money market fund rates and inflation. Management carefully evaluates its placements to ensure that the Corporation's investments are typically safe and liquid and provide decent returns.

(b) Additional Requirements as to Certain Issues or Issuers

(i) Debt Issues

This disclosure is not applicable to the Corporation.

(ii) Investment company securities

This disclosure is not applicable to the Corporation.

(iii) Mining and Oil companies

This disclosure is not applicable to the Corporation

## **Item 2. Properties**

The Corporation leases its office space at its current business address at the 12/F Telecoms Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City with a floor area of 160 sq. m. Rent expense amounted to P1.46 million in 2023, P1.39 million in 2022 and P1.39 million in 2021.

In addition, the Corporation obtained nine parcels of land through dacion en payment from Philcomsat amounting to P335,615,126 and covering three hundred eighty-three thousand nine hundred ninety-nine (383,999) square meters located at Ibis, Bagac, Bataan (Note 16). The land's title is currently being processed for transfer to the name of PHC.

The Corporation does not intend to acquire property in the next twelve (12) months.

## **Item 3. Legal Proceedings**

The Corporation is a party to the following legal actions and proceedings which are not expected to have a material effect on its financial position.

- **Philippine Communications Satellite Corporation against Philcomsat Holdings Corp. (PHC and former directors), Luis Lokin Jr., Enrique Locsin and Philip Brodett (Locsin Group)**

PHC, through the valid and incumbent directors (Bildner Group) filed a Motion for Issuance of Writ of Execution with the Regional Trial Court (RTC) of Makati Branch 138 as court of origin, following the final resolution of SC declaring the election of Locsin Group as PHC's officers and directors. Accordingly, the SC ordered the Locsin Group to render an accounting and return of funds allegedly received from the Company. An Order granting the Motion was issued on February 20, 2017, resulting to the issuance of the Writ of Execution on February 28, 2017. On January 9, 2018, PHC filed a manifestation for the implementation of the Writ of Execution. On February 9, 2018, an Order was issued directing PHC, within thirty (30) days from receipt, to submit its preferred accounting firm who will conduct the accounting of all funds and other assets received from POTC, PHC and Philcomsat since September 2004. On February 22, 2018, PHC filed its Ex-Parte Manifestation and Motion, in compliance with the said Order. On July 11, 2018, the Sheriff of the Office of the Clerk of Court of Makati served the Writ of Execution to Manuel Andal, Benito Araneta, Philip Brodett, Enrique Locsin, Concepcion Poblador and Johnny Tan. On June 6, 2019, PHC filed an Ex-Parte Motion to Resolve the pending motion to appoint Virgilio R. Santos as the auditing accounting firm for the execution of the SC Decision dated July 3, 2013 issued in GR Nos. 184622, 184712-14, 186066 and 186590. There was a status conference held in this case on December 13, 2019 where the Court required the defendants to provide a name of their selected accountant to move forward with the audit. The defendants failed or refused again to comply, so the Court is likely to appoint Philcomsat's proposed accountant, Virgilio R. Santos, to do the audit. On May 18, 2022, Philcomsat filed an Ex-Parte Motion to Resolve praying that an Order be issued allowing VRS to commence the (17) accounting of corporate funds received, utilized and disbursed by all the defendants and their assigns, which the Court granted in its Order of June 3, 2022. However, VRS has already retired. The issue of who would render the audit remains unsolved. On May 2, 2017, the Presidential Commission on Good Government (PCGG) and Locsin filed with the Court of Appeals (CA) a Petition for Certiorari and Prohibition with Very Urgent Prayer for Issuance of Temporary Restraining Order and/or Writ of Preliminary Injunction assailing the Order dated February 20, 2017 issued by the RTC. On January 30, 2018, the CA issued a Decision dismissing the Petition. On February 22, 2018, PCGG and Locsin filed their Motion for Reconsideration with Motion to Exclude the PCGG from the instant Petition, which are both denied in a Resolution dated June 27, 2018. On August 8, 2018, PCGG filed its Motion for Reconsideration on the denial of its Motion for Exclusion. On October 29, 2018, Philcomsat filed its Opposition thereto. Meanwhile, PCGG and Locsin filed a Petition for Review with the Supreme Court (SC) questioning the Decision issued by the CA dated January 30, 2018, which dismissed their Appeal. Philcomsat filed its comment thereto on November 6, 2018. PCGG filed its Reply on February 17, 2020. Separately, Brodett filed his Petition for Certiorari under Rule 65 with the CA assailing the Order issued by the RTC, which denied his Motion for Clarification on the issue of rendering an accounting of the funds. The CA denied his Petition on the ground that clarification may only be allowed if the order involves a clerical error but not when it is an alleged erroneous judgment or dispositive portion of the decision. Since Brodett's Motion for Clarification was raised questioning the grant of a writ of execution, the CA held that it cannot be subject of a motion for clarification. On December 15, 2017, the CA's dismissal was issued and the case was considered terminated. Brodett still filed his Motion for Reconsideration, which was denied on May 10, 2018. Brodett elevated the matter to the SC via Petition for Review but the SC denied the same in a Resolution dated August 29, 2018. On December 7, 2022, the Court issued a Resolution requiring the parties to file their respective memoranda. Philcomsat filed its Memorandum on March 10, 2023. PCGG and Locsin filed their Memorandum on March 13, 2023.

- **Complaint for collection against Araneta and Lokin**

On May 26, 2010, a complaint for collection of sum of money and damages, with an application for a Writ of Preliminary Attachment dated May 24, 2010 was filed by the Company against Benito Araneta and Luis Lokin Jr., former directors of the Company for an alleged personal back to back loans with Bankwise procured by Araneta using the Company's funds as collateral, with the help of Lokin, in the amount of P35.3 million. On February 2, 2017, a Decision was issued finding Araneta and Lokin liable to pay PHC; a) actual damages in the sum of P31.5 million plus legal interest of 6% computed from May 26, 2010, the time of judicial demand until fully paid; b) P200,000 as and by way of exemplary damages; and c) P200,000 as and by way of attorney's fees, plus costs of suit. Araneta and Lokin filed their Notices of Appeal on September 6 and September 8, 2017, respectively. On January 16, 2018, the Court of Appeals (CA) required defendants to file Appellant's Brief within 45 days from receipt thereof. On April 20, 2018 and May 7, 2018, PHC received Lokin and Araneta's Appellant's Briefs, respectively. On June 5, 2018, PHC filed its Appellee's Brief. On September 18, 2018, PHC filed a Compliance submitting proof of service of its Appellee's Brief to defendants in accordance with the CA's Resolution dated July 2, 2018. On April 25, 2019, the CA issued a Decision granting Araneta's appeal. On May 30, 2019, PHC filed its Motion for Reconsideration of the said Decision. On July 11, 2019, Araneta filed his Comment thereto, in accordance with the Resolution dated June 6, 2019 issued by the CA to file the same. On October 24, 2019, the Court of Appeal issued a Resolution denying PHC's Motion for Reconsideration. On November 26, 2019, PHC elevated the case to the Supreme Court via Petition for Review on Certiorari under Rule 45. On March 9, 2020, Araneta filed his Comment. On July 21, 2023, Araneta filed a Motion for Early Resolution.

- **Criminal complaint against Brodett and Bankwise Officers using spurious bank accounts for company's deposits**

On May 8, 2008, the Company filed a criminal complaint for estafa for misappropriation of corporate funds against Brodett, a former director of the Company, and certain officers of Bankwise. The complaint alleged that the unauthorized deposits, withdrawals and transfers of the Company's funds in the amount of P66.8 million was processed through spurious bank accounts and involved the co-mingling and transfer of funds between the Company's accounts and certain personal accounts. On June 14, 2016, an Order was issued allowing Brodett to present his defense only with respect to the P27.0 million and P9.3 million which allegedly came from PHC funds and not in the whole amount of P66.8 million. On July 1, 2016, a Motion for Reconsideration of the said Order was filed by the Private Prosecutor (Parent Company). On August 30, 2016, the Private Prosecutor (Parent Company) filed a Reply to Brodett's Comment/Opposition dated August 25, 2016. After the presentation of defense evidence has already been concluded on June 5, 2018, the accused filed their Formal Offer of Evidence, which was partially admitted by the Court on August 28, 2018. On February 21, 2020, the Court promulgated its judgment finding accused Brodett guilty for the crime of theft, sentencing him to the penalty of imprisonment for a minimum period of four (4) years, two (2) months, one (1) day, to a maximum period of sixteen (16) years and 4 months. He was also found civilly liable to pay PHC the amount of P14,235,700, with legal interest of 12% per annum from April 11, 2008 until June 30, 2013 and the total obligation plus 6% legal interest from July 1, 2013 until fully paid. On March 3, 2020, Brodett filed his Motion for Partial Reconsideration of the Decision. On July 1, 2020, PHC filed its Consolidated Comment/Opposition thereto. In ruling Brodett's Motion for Reconsideration, the Court again promulgated the case on December 2, 2020 and affirmed Brodett's conviction. He then filed an appeal on 3 December 2020.

- **Criminal complaint against Araneta for non-return of PHC deposits**

A criminal complaint for estafa was filed against Araneta for money market placements amounting to P65.0 million which allegedly were not returned to the Company. The case was dismissed on February 9, 2009 for lack of probable cause. The appeal filed on March 4, 2009 is still pending decision with the DOJ as at report date.

- **Criminal complaint against Concepcion A. Poblador**

A criminal complaint for estafa was filed against Ms. Poblador for allegedly receiving cash advances amounting to P14.5 million, which she failed to account for and return to the Company after formal demands. On February 9, 2009, the DOJ issued a Resolution directing the filing of an information against Ms. Poblador only for P0.2 million. On January 7, 2014, the Company filed a Petition for Certiorari praying that the DOJ file new information against Ms. Poblador for estafa for the total amount of P16.7 million. On January 10, 2014, the Company received a Petition for Certiorari filed by Ms. Poblador seeking the reversal of the Resolution directing the filing of an Information for estafa against her for P0.2 million. On August 29, 2014, the two petitions were consolidated. On April 26, 2017, subsequent to the filing of the parties' respective Memoranda, the CA issued a Resolution requiring Ms. Poblador to file a Rejoinder to the Company's Reply (to the Memorandum of Poblador). In the meantime, the case was returned to "Completion State" pending the filing of the Rejoinder. Poblador filed her Rejoinder on June 1, 2017 under a Motion to Admit Attached Rejoinder. On November 29, 2017, Poblador filed a Manifestation adopting her previous Memorandum dated December 22, 2014 as her compliance with the Resolution dated October 11, 2017. The Office of the Solicitor General filed a Manifestation and Motion on November 24, 2017 asking that the DOJ Secretary be excused from filing a Memorandum. Based on the Resolution of the Court requiring the parties anew to file their respective Memorandum, PHC's (2nd) Memorandum was filed on December 13, 2017, within the extended period prayed for. (19) On June 14, 2019, the CA issued a Decision denying both PHC's and Ms. Poblador's Petitions for Certiorari. On July 5 and 11, 2019, both parties filed their respective Motions for Reconsideration. On July 24, 2019, PHC filed its Comment to Ms. Poblador's Motion for Reconsideration. On August 10, 2020, the CA issued a Resolution denying PHC and Ms. Poblador's Motions for Reconsideration. PHC decided not to pursue the case with the Supreme Court considering that the amount involved is already covered by the advances to affiliates case. On November 3, 2020, Poblador filed her Petition for Review with the Supreme Court. On 4 April 2022, PHC filed its Comment thereto, thereby the case is submitted for resolution.

The Corporation is also involved in other litigations, claims and disputes which are normal to its business. Management believes that the ultimate liability, if any, with respect to these litigations, claims and disputes will not materially affect the consolidated financial position and consolidated financial performance of the Corporation.

#### **Item 4. Submission of Matters to a Vote of Security Holders**

Security holders are asked to vote on matters submitted during stockholders' meetings.

- (a) The 2023 Annual Stockholders' Meeting was held on 20 November 2023.
- (b) In the said Annual Stockholders' Meeting, the directors elected were Erlinda I. Bildner, Pablo L. Lobregat, Marietta K. Ilusorio, Daniel C. Gutierrez, Santiago J. Ranada, Prudencio C. Somera, Victoria C. de los Reyes, Kara Ponce-Enrile Rhounimi, Julie Yap-

Daza, Oliverio L. Laperal, Jr. and Charles J. Horne. The last three (3) enumerated above were elected as independent directors under Section 38 of the Code and SRC Rule 38.

- (c) The matters voted upon and unanimously approved by the stockholders include the approval of the minutes of the previous meeting, the notation and approval of the management report and the audited financial statements, the ratification of acts of management and the committees and the appointment of the external auditor. In addition, all the votes were cast in favor of the election of the above-enumerated directors.
- (d) No matter not in the ordinary course of business was submitted to the vote of security holders.
- (e) The Corporation filed SEC Form 17-C containing similar information with the Commission and the Philippine Stock Exchange.

## **PART II – OPERATIONAL AND FINANCIAL INFORMATION**

### **Item 5. Market for Issuer's Common Equity and Related Stockholder Matters**

#### **(1) Market Information**

The Corporation's shares of stock are listed on the Philippine Stock Exchange, though not currently traded due to the suspension imposed by the Exchange. The authorized capital stock of the Corporation is one billion (1,000,000,000) shares, with a par value of P1.00 per share, of which sixty million (60,000,000) is listed in the Exchange. The SEC approved the registration of the remaining 940,000,000 shares on August 31, 2000 but the PSE deferred action on the Corporation's application upon the objection of then PCGG Chairman Camilo Sabio.

The principal market for the Corporation's common equity is the Philippine Stock Exchange. Trading of the corporation's shares has been suspended since May 2007, thus there have been no high and low sales prices within the last two (2) fiscal years and any subsequent period for which Financial Statements are required by SRC Rule 68.

#### **(2) Holders**

The Corporation has 1,196 stockholders and the following are the top 20 stockholders of the Corporation as of December 31, 2023:

| Name                                      | No. of Shares | Percentage |
|---|---------------|------------|
| Philippine Communications Satellite Corp. | 783,945,590   | 78.67%     |
| Prudencio Somera Jr.                      | 100,000,100   | 10.03%     |
| Oliverio G. Laperal                       | 49,556,500    | 4.97%      |
| PCD Nominee Corporation                   | 15,864,534    | 1.59%      |
| RCBC T/A 236-235                          | 4,802,413     | 0.48%      |
| Prince Resources, Inc.                    | 4,000,000     | 0.40%      |
| Victoria C. de los Reyes                  | 3,006,500     | 0.30%      |
| Santiago J. Ranada                        | 3,000,100     | 0.30%      |
| Marino Olondriz y Cia                     | 2,985,600     | 0.29%      |
| Jose Ma. Ozamiz                           | 2,700,000     | 0.27%      |
| RCBC T/A 36-250                           | 2,689,000     | 0.26%      |
| Philippine Oil Development Corporation    | 1,500,000     | 0.15%      |
| Bernadette Y. Blanco                      | 1,000,000     | 0.10%      |
| Imperial Resources, Inc.                  | 800,000       | 0.08%      |
| Oliverio Laperal                          | 776,743       | 0.07%      |
| Marieta K. Ilusorio                       | 510,000       | 0.05%      |
| Benjamin Co Ca & Co., Inc.                | 504,300       | 0.05%      |
| Dennis R. Manzanal                        | 501,000       | 0.05%      |

|                     |         |       |
|---------------------|---------|-------|
| Abraham R. Abesamis | 500,000 | 0.05% |
| Lawrence A. Pagal   | 500,000 | 0.05% |

**(3) *Dividends***

On November 21, 2022, the Corporation has declared a cash dividend of P0.05 for every common share. There are no restrictions that limit the payment of dividends on common shares at present, or in the future. No dividends were declared in 2023.

**(4) *Recent sales of Unregistered Securities or Exempt Securities; Recent Issuance of Securities Constituting an Exempt Transaction***

There has been no issuance of new securities, securities issued in exchange for property, services or other securities, and new securities resulting from the modification of outstanding securities.

**Item 6. Management's Discussion and Analysis or Plan of Operation.**

**(1) Management's Discussions and Analysis**

Prior to 2007, the Corporation was under the control of the nominees of the Presidential Commission on Good Government (PCGG), namely Enrique L. Locsin, Manuel A. Andal, Julio Jalandoni, Guy de Leon and ex-nominee Benito Araneta. Together with Philip Brodett, Atty. Luis Lokin, and Concepcion Poblador, they spent, invested in and made advances to failed ventures, mismanaged and dissipated the Company's funds.

Under the management of the Brodett-Araneta-Poblador-Lokin-Locsin Group, the Corporation incurred more than P600M in losses and caused the erosion of shareholders' equity from P1,458 million in 2004 to P855.5 million. The book value per share plummeted from P1.46 to P0.85, below the par value per share of P1.00.

In addition, in May 2007, PHC shares were suspended from trading due to the failure of the Brodett-Araneta-Poblador-Lokin-Locsin Group to file Audited Financial Statements with the SEC and PSE.

Upon the present Management's taking control of PHC from the Brodett-Araneta-Poblador-Lokin-Locsin Group, SGV & Co., was commissioned to identify and inventory the accounting records and documents of the Company under the former management from 2005 to 2007. Thereafter, an independent audit was conducted beginning with the year 2005. Thus, for the years 2006, the independent external auditors engaged by present Management have issued clean, unqualified opinions on the Company's AFS.

Present Management will continue to seek justice for its stockholders by filing cases to recover the company funds from the Brodett-Araneta-Poblador-Lokin-Locsin Group.

Insofar as operations are concerned, the Articles of Incorporation limit the business of the Corporation to money market trading and holding of investments. Thus, the bulk of the Corporation's revenue comes from interest income. In order to diversify, the Corporation set up a 100% owned subsidiary, Philcomsat Management Enterprises, Inc. (PMEI) which provides management and consultancy services and whose initial venture was the acquisition of Professional Stock Transfer, Inc., a stock transfer agency.

The Corporation partnered with PMEI, the Philippine Overseas Telecommunications Corporation (POTC), and other suppliers in their successful bid for a telecommunications project for the Philippine Navy.

The Corporation provided a guarantee for Philcomsat in connection with the implementation of the government's Free Wi-Fi For All project which involves the installation of 3,000 VSat Wi-Fi sites. The contract with Philcomsat, its foreign partner and the Department of Information Communication Technology has, however, been terminated.

The Corporation is identifying and studying other business opportunities that will continue to provide it with income.

Together with its money market operations and investments, present Management was able to grow shareholder value from below P1.00, when it took over operations from the Brodett Group, to the current P1.45 per share.

Due to this limitation in the primary purpose of the Corporation, Management presented to the stockholders proposals to authorize the Corporation to engage in one of its secondary purposes which is to manage hotels and resorts and to enter into a management contract with the Montemar Beach Club, Inc. Both proposals were approved at the annual meeting held on 21 November 2022. The effects of this new business is expected to be reflected in the financial statements of the Corporation in the near future.

### **Results of Operations (Consolidated)**

#### **Operations and Financial Condition for the last three (3) Fiscal Years**

**Revenues:** In the fiscal year ended December 31, 2023, the Corporation generated revenue of P55.9 million compared to P63.5 million in 2022 and P57.3 million in 2021. Total comprehensive income was at P8.8 million compared to a loss of P14.3 million in 2022 and a gain of P38.0 million in 2021. The total comprehensive income in the past 2 years were affected by a fair value loss on equity instruments at FVOCI, which were not present in prior years.

**Expenses:** Costs and expenses increased slightly in 2023 to P36 million compared to P33.3 million in 2022, but lower than P38.3 million in 2021.

**Operating and Net Income/Loss:** The Corporation realized a net income of P17.9 million in 2023 compared to P35.1 million in 2022 and P20.2 in 2021.

### **Income Statement (Consolidated) (P Million)**

|                                   | <b>2023</b> | <b>2022</b>   | <b>2021</b> |
|-----------------------------------|-------------|---------------|-------------|
| Revenue                           | 55.9        | 63.5          | 57.2        |
| Costs and Expenses                | (36.0)      | (33.3)        | (38.4)      |
| Gains or Losses on FX and Sales   | (2.7)       | 6.5           | 2.9         |
| Gross Profit                      | 16.9        | 36.7          | 21.7        |
| Provision for Tax                 | 0.9         | (1.6)         | (1.5)       |
| Net Income (Loss)                 | 17.9        | 35.1          | 20.2        |
| Other Comprehensive Income (Loss) | (9.1)       | (49.4)        | 17.8        |
| <b>TOTAL COMPREHENSIVE INCOME</b> | <b>8.8</b>  | <b>(14.3)</b> | <b>38.0</b> |

## Financial Position

The company's comparative balance sheet is summarized below:

**Balance Sheet (Consolidated)**  
**(P Million)**

|                                     | <b>2023</b> | <b>2022</b> | <b>2021</b> |
|-------------------------------------|-------------|-------------|-------------|
| Current Assets                      | 255.5       | 516.7       | 496.6       |
| Available-for-sale financial assets | 912.4       | 950.6       | 1,026.6     |
| Receivables                         | 0           | 5.0         | 8.0         |
| Other Assets                        | 351.8       | 9.6         | 11.0        |
| Total Assets                        | 1,519.7     | 1,481.9     | 1,542.2     |
| Current Liabilities                 | 42.1        | 14.4        | 10.7        |
| Non-current Liabilities             | 19.1        | 20.4        | 19.9        |
| Stockholders' Equity                | 1,458.5     | 1,447.3     | 1,511.6     |

### Balance Sheet Accounts (Consolidated)

Current Assets: Current assets of the Corporation as of December 31, 2023 totaled P255.5 million compared to P516.7 million in 2022 and P496.6 million in 2021. Of these amounts, cash and cash equivalents totaled P119.7 million in 2023 compared to P77.3 million in 2022 and P115.7 million in 2021. The Corporation has sufficient cash resources to meet any expected requirement during the next twelve (12) months. The Corporation's investments in AFS financial assets amounted to P912.4 in 2023 compared to P950.6 million in 2022 and P1,026.6 million in 2021.

Liabilities :The Corporation is substantially debt-free and has no material commitments for capital expenditures. Total current liabilities in 2020 was only P42.1 million in 2023 (which included P28.3 million due to a related party) compared to P14.4 million in 2022 and P10.7 million in 2021.

Deposit for Future Subscription : This represents the excess amount of the market value of the two properties which Philcomsat contributed in exchange for the number of the Corporation's shares received; as such, this amount is for the account of Philcomsat's future subscription to Corporation's common shares.

Stockholders' Equity : This is the residual balance sheet amount after subtracting Liabilities from Assets. Stockholders' equity increased slightly to P1,458.4 million in 2023 compared to P1,447.1 million in 2022 and P1,511.6 million.

### Key Performance Indicators ("KPI")

The Corporation's KPI for the years ended December 31, 2023, 2022 and 2021 are as follows:

| <b>Performance Indicator</b> | <b>Formula</b>  | <b>2023</b> | <b>2022</b> | <b>2021</b> |
|------------------------------|---|-------------|-------------|-------------|
| <i>Liquidity</i>             |   |             |             |             |
| Current Ratio                | <u>Current Assets</u><br><u>Current Liabilities</u>     | 6.07 : 1    | 35.83 : 1   | 46.52 : 1   |
| <i>Leverage</i>              |   |             |             |             |
| Debt to Equity Ratio         | <u>Total Liabilities</u><br><u>Stockholders' Equity</u> | 0.04 : 1    | 0.02 : 1    | 0.02 : 1    |
| Asset to Equity Ratio        | <u>Total Assets</u><br><u>Total Equity</u>              | 1.04 : 1    | 1.02 : 1    | 1.02 : 1    |

| Profitability    |                                   |       |       |       |
|------------------|-----------------------------------|-------|-------|-------|
| Return on Assets | <u>Net Income</u><br>Total Assets | 1.19% | 2.37% | 1.31% |
| Return on Equity | <u>Net Income</u><br>Total Equity | 1.23% | 2.42% | 1.34% |

### Liquidity

The Corporation's current ratio for 2023 is 6.07 : 1 compared to 35.83 in 2022 and 46.52 in 2021. The Company's liquidity position remains strong.

### Leverage

Leverage is very low at 0.04:1 in 2023 and 0.02:1 in 2022 and 2021.

### Profitability

Return on Assets for 2023 is 1.19% compared to 2.37% in 2022 and 1.31% in 2021 while Return on Equity for 2023 is 1.23% compared to 2.42% in 2022 and 1.34% in 2021.

## **Notes to Financial Statements**

### *Accounting Policies and Principles*

The financial statements for the years 2023, 2022, and 2021, are presented in accordance with generally accepted accounting principles applied on a consistent basis.

### *Seasonality Aspects of the Business*

The operations of PHC are not affected by seasonality or cyclical.

*Past and Future Financial Condition and Results of Operations* – For 2022 and 2021, please refer to the above discussion. For prior years, please refer to the Corporation's previous annual reports. Inasmuch as there are no known material events or commitments that are likely to affect the Corporation, it is expected that the future financial condition and results of operation would remain the same as the present.

### *Material Changes*

#### (a) Any Known Trends, Events or Uncertainties (Material Impact on Liquidity)

There is no known trend, event or uncertainty that would have a material impact on liquidity.

#### (b) Event that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation

The only event that may trigger a direct financial obligation that is material to the Corporation is a default by its 79% owner, Philcomsat, of the latter's obligation to Speedcast Limited where the Corporation acted as guarantee for Philcomsat. The Corporation's exposure is less than 15% of the Corporation's total assets.

As of December 31, 2021, the contract between Speedcast Limited and Philcomsat was terminated which should release the Corporation from its guarantee.

(c) All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

There is no off-balance sheet transaction, arrangement, obligation or other relationship with unconsolidated entities or persons during the reporting period.

(d) Material Commitments for capital expenditures and expected sources of funds for such expenditures.

The company has no material commitment for capital expenditures.

(e) Any Known Trends, Events or Uncertainties (Material Impact on Sales)

There is no known trend, event or uncertainty that will have a material impact on sales.

(f) Any Significant Elements of Income or Loss (from continuing operations)

There is no significant element of income from continuing operations.

(g) Causes for Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%)

- a. Increases and decreases in cash and cash equivalents, receivables, due from related parties, assets held for sale and investment properties and other increases in total assets as a result of payment by debtors of the Corporation in cash and in kind.
- b. Decrease in dividends payable as a result of stockholders cashing their checks on dividends declared in 2021.
- c. Increase in due to a related party as a result of payment due and owing a related party on a project entered into by the Corporation which was advanced by the related party.
- d. Increase in lease liabilities as a result of the renewal of the lease of the Corporation of its office space.

(h) Seasonal Aspects that have a Material Effect on the FS

None.

## **Item 7. Financial Statements**

The report of independent accountants and the Consolidated and Separate Audited Financial Statements of the Corporation for the fiscal year ending 31 December 2023 are attached hereto as Annexes "A" and "A-1".

## **Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures**

The Corporation reappointed Isla Lipana & Co. as its external auditor at the last Annual Stockholders' Meeting held on 20 November 2023.

There have been no disagreements between the Corporation and the external auditor on accounting and financial disclosures in the last two (2) fiscal years.

### **PART III - CONTROL AND COMPENSATION INFORMATION**

#### **Item 9. Directors and Executive Officers of the Issuer**

| Name, Age and Citizenship              | Position                       | Period Served  | Professional and Business Experience   |
|--|--------------------------------|--|--|
| Victoria C. de los Reyes, 73           | Director/<br>President/<br>CEO | Directors since<br>November 2019;<br>President/CEO<br>since November<br>2023 | Partner, Roxas de los Reyes Laurel & Rosario Law Offices. Engaged in the general practice of law - specializing in corporate law, foreign investments, establishment of corporations and other corporate vehicles, registration of securities, JVs, M&As, proxy contests, intra-corporate disputes and domestic relations. |
| Erlinda I. Bildner, 77, Filipino       | Director/<br>Treasurer/<br>CFO | April 2007 to<br>Present   | President and CEO-Philippine Communications Satellite Corporation, Vice-Chair and Director- Philippine Overseas Telecommunications Corporation, Director-Montemar Beach Club, Inc., Director and Chair, Finance Committee – Baguio Country Club  |
| Daniel C. Gutierrez, 68, Filipino      | Director                       | December 2007<br>to Present  | Partner-Soo Gutierrez Leogardo & Lee Law Offices; Law Professor and Bar Reviewer- Arellano University, Director-IBP, former Trustee-GSIS   |
| Marietta K. Ilusorio, 72, Filipino     | Director                       | May 2010 to<br>Present   | Director and Vice President, Philippine Overseas Telecommunications Corporation; Director and Vice-President, Philippine Communications Satellite Corporation; Director, Montemar Beach Club, Inc.   |
| *Julie Y. Daza, 81, Filipino           | Director                       | December 2015<br>to Present  | Journalist, editor-in-chief, columnist, book author, and award-winning television talk show host   |
| Pablo L. Lobregat, 69, Filipino        | Director                       | April 2007 to<br>Present   | President-Crystal Sugar Co., Inc., President/Chairman-Oceanic Wireless Network, Inc., President-Aerocom Investors & Managers, Inc., Director – Philippine Communications Satellite Corporation, Director-Philippine Overseas Telecommunications Corporation  |
| *Oliverio L. Laperal, Jr.,74, Filipino | Director                       | November 2017<br>to present  | Co-President and Director of Imperial Resources; Co-President and Managing Director of Filipinas Golf & Country Club; President & Managing Director of R.S. Video & Film Productions   |
| Prudencio C. Somera, Jr. 78, Filipino  | Director                       | August 2004 to<br>Present  | Director – TKC Steel Corporation; Licensed Stockbroker; Columnist – Philippine Daily Inquirer  |
| J. Santiago Ranada (ret), 86, Filipino | Director                       | December 2013<br>to Present  | Partner, Ranada, Malaya Sanchez & Simpao, Specializes in the banking, insurance, maritime and real estate industries and in corporate rehabilitation proceedings, 28 years of service in the Philippine Judiciary as RTC Judge and CA Justice  |

|  |                                 |                             |   |
|--|---------------------------------|-----------------------------|---|
| Kara Ponce-Enrile Rhounimi, 45, Filipino | Director/<br>Vice-<br>President | November 2023<br>to Present | Senior Executive Vice-President for Property, JIC and JSC of JAKA Investments Corporation, President of Waning Crescent Arts, Inc.  |
| *Charles J. Horne, 87, American          | Director                        | November 2022<br>to Present | Chairman, Intercontinental Pacific Airways, Inc.; Regional Vice President - Halidon International, President - Halidon, Inc.; former Group Senior Vice President - Amherst Group. |

*\*Independent director.*

*\*\* Term of Office – The above directors were elected during the Annual Stockholders' Meeting held on 20 November 2023.*

**(2) Significant Employees**

As the Corporation has no regular employee at present, the executives and consultants of Philcomsat (the owner of 79% of the Corporation) are expected to make a significant contribution in enhancing the business of the Corporation and efficiently managing its operations.

**(3) Family Relationships**

None of the above-named directors and executive officers is related to another within the fourth (4th) civil degree of consanguinity or affinity, aside from Ms. Erlinda I. Bildner and Ms. Marietta K. Ilusorio who are sisters.

**(4) Involvement in Certain Legal Proceedings**

During the past five (5) years no incumbent director or executive officer was involved in any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; any conviction by final judgment in a criminal proceeding, domestic or foreign; any order, judgment, or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; or was found by a domestic or foreign court of competent jurisdiction in a civil action, the Securities and Exchange Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation.

**Item 10. Executive Compensation**

**(1) and (2) Executive Officers**

| Name                       | Position                       | Salary       | Allowance | Bonus | Total        |
|----------------------------|--------------------------------|--------------|-----------|-------|--------------|
| Victoria C. de los Reyes   | President (From Oct 2023)      | 81,666.66    |           |       | 81,666.66    |
| Katrina C. Ponce-Enrile    | President (Until May 2023)     | 625,000.00   |           |       | 625,000.00   |
| Kara Ponce Enrile Rhounimi | Vice President (From Nov 2023) | 0.00         |           |       | 0.00         |
| Erlinda I. Bildner         | Treasurer                      | 1,500,000.00 |           |       | 1,500,000.00 |
| Manolita L. Morales        | Asst. Treasurer                | 1,080,000.00 |           |       | 1,080,000.00 |
| John Benedict L. Sioson    | Corp. Secretary                | 1,286,666.66 |           |       | 1,286,666.66 |
| Total                      |                                |              |           |       | 4,573,333.32 |

**(3) Compensation of Directors**

| Name                       | Position                  | Salary              | Allowance | Bonus | Total               |
|----------------------------|---------------------------|---------------------|-----------|-------|---------------------|
| Victoria C. de los Reyes   | Director                  | 0.00                |           |       | 0.00                |
| Katrina C. Ponce Enrile    | Director (Until May 2023) | 125,000.00          |           |       | 125,000.00          |
| Kara Ponce Enrile Rhounimi | Director (From Nov 2023)  | 50,000.00           |           |       | 50,000.00           |
| Erlinda I. Bildner         | Director                  | 300,000.00          |           |       | 300,000.00          |
| Daniel C. Gutierrez        | Director                  | 300,000.00          |           |       | 300,000.00          |
| Pablo L. Lobregat          | Director                  | 300,000.00          |           |       | 300,000.00          |
| Oliverio L. Laperal, Jr.   | Ind. Director             | 300,000.00          |           |       | 300,000.00          |
| Julie Yap Daza             | Ind. Director             | 300,000.00          |           |       | 300,000.00          |
| Marietta K. Ilusorio       | Director                  | 300,000.00          |           |       | 300,000.00          |
| Santiago J. Ranada         | Director                  | 300,000.00          |           |       | 300,000.00          |
| Prudencio C. Somera, Jr.   | Director                  | 300,000.00          |           |       | 300,000.00          |
| Charles J. Horne           | Ind. Director             | 300,000.00          |           |       | 300,000.00          |
| <b>Total</b>               |                           | <b>2,875,000.00</b> |           |       | <b>2,875,000.00</b> |

Aside from the foregoing, there are no other arrangements and contracts pursuant to which any director was or is to be compensated directly or indirectly during the last fiscal year and the ensuing year.

**(4) Employment Contracts/Termination of Employment/Change-in-Control Arrangements**

There are no employment contracts between the Corporation and any of its executive officers. There are likewise no compensatory plans or arrangements with respect to any executive officer which result or will result from his resignation, retirement or any other termination of his employment or from any change in control of the Corporation or a change in the executive officer's responsibilities following any change in control of the Corporation.

**(5) Warrants and Options Outstanding**

There are no outstanding warrants or options held by the Corporation's executive officers and directors. There is no action proposed to be taken with regard to any bonus, profit-sharing or other compensation plan, contract or arrangement in which any director, nominee for election as a director or executive officer of the Corporation will participate, any pension or retirement plan in which any such person will participate, and any granting or extension to any such person of any options, warrants or rights to purchase any securities.

**Item 11. Security Ownership of Certain Beneficial Owners and Management**

**(1) Security Ownership of Certain Record and Beneficial Owners**

As of 31 December 2023, and based on the latest available information, except for Philcomsat and Mr. Prudencio C. Somera, Jr., there is no other person or group, directly or indirectly appearing as stockholder on record or beneficial owner of more than 5% of any class of voting shares of the Corporation.

| Class | Name, Address of Record Owner and Relationship with Issuer | Name, Address of Beneficial Owner and Relationship with Record Owner | Citizenship | No. of Shares Held | %   |
|-------|--|--|-------------|--------------------|-----|
| n/a   | n/a  | n/a  | n/a         | n/a                | n/a |

(2) *Security Ownership of Management*

As of 31 December 2023, the security ownership of management is as follows:

| Class  | Name   | Nature of Ownership | Citizenship | Percentage   |
|--------|--|---------------------|-------------|--------------|
| Common | Prudencio C. Somera, Jr.                     | (R)                 | Filipino    | 10.04%       |
| Common | Victoria C. de los Reyes                     | (R)                 | Filipino    | 0.30         |
| Common | Santiago J. Ranada                           | (R)                 | Filipino    | 0.30         |
| Common | Erlinda I. Bildner                           | (R)                 | Filipino    | -negligible- |
| Common | Kara Ponce-Enrile Rhounimi                   | (R)                 | Filipino    | -negligible- |
| Common | Directors and Officers as a Group<br>Unnamed | (R)                 | Filipino    | <11%         |

(3) *Voting Trust Holders*

There are no persons holding more than 5% of a class under a voting trust agreement.

(4) *Changes in Control*

There are no arrangements that may result in a change in control of the Corporation.

**Item 12. Certain Relationships and Related Transactions**

- (1) and (2) There is no transaction during the last two years or proposed transaction to which the Corporation was or is to be a party in which any director, executive officer, nominee for election as a director, security holder owning five percent (5%) or more or member of their immediate family had or is to have a direct or indirect material interest.
- (3) The Corporation is 79% owned by the Philippine Communications Satellite Corporation which in turn is wholly-owned by the Philippine Overseas Telecommunication Corporation. The remaining 21% is owned by Prudencio Somera, Jr. and the general public.
- (4) There has been no transactions with promoters in the past five (5) years.

## PART IV – CORPORATE GOVERNANCE

### Item 13. Corporate Governance

The details under this Item will be discussed in the Corporation's 2023 i-ACGR.

### Item 14. Exhibits and Reports

- (a) Exhibits. Statement of Management's Responsibility for Financial Statements and Audited Financial Statements for the fiscal period ending 31 December 2023 as Annex "A".
- (b) Sustainability Report as required by the Securities and Exchange Commission as Annex "B".
- (c) Reports on SEC Form 17-C. During the last 6 months, the Corporation filed SEC Form 17-C detailing the matters taken up during the Annual Stockholders' Meeting held on 20 November 2023.

### SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in Makati City on April 12, 2024.

By:

  
VICTORIA C. DE LOS REYES  
Chief Executive Officer/President

  
ERLINDA I. BILDNER

Chief Operating and Financial Officer/Treasurer

  
MARIA CORAZON C. AQUINO  
Comptroller and Principal Accounting Officer

  
JOHN BENEDICT L. SIOSON  
Corporate Secretary

APR 12 2024  
SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of April 2024, affiants exhibiting to me their identification as follows:

| Name                     | ID                   | Date of Issue            | Place of Issue |
|--------------------------|----------------------|--------------------------|----------------|
| Victoria C. de los Reyes | Senior Citizen 58406 | 07 May 2012              | Makati City    |
| Erlinda I. Bildner       | Senior Citizen 49633 | 20 September 2019        | Makati City    |
| Maria Corazon C. Aquino  | PRC ID No. 0097868   | valid until 27 July 2026 |                |
| John Benedict L. Sioson  | DL NO4-89-110776     | 17 September 2019        | LTO Makati     |

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Page No. 18;  
Book No. V;  
Series of 2024.

  
ATTY. BYRON FRANCIS A. YAO  
Notary Public until 31 December 2025  
9thF BDO Plaza, 8737 Paseo de Roxas, Makati City  
PTR No. 10074402, Makati City, 03 January 2024  
IBP No. 394945, Manila IV, 03 January 2024  
Roll No. 83430, Appointment No. M-110





# PHILCOMSAT HOLDINGS CORPORATION

12F Telecom Plaza 316 Sen. Gil Puyat Ave. 1200 City of Makati, Philippines  
Tel. No.: 8815-8406; Fax No.: 8816-2517 [www.phc.com.ph](http://www.phc.com.ph)

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of Philcomsat Holdings Corporation and its Subsidiaries (the Group) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2023, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Isla Lipana & Co., the independent auditor, appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

**SANTIAGO J. RANADA**  
Chairman of the Board

**VICTORIA DELOS REYES**  
President

**ERLINDA I. BILDNER**  
Treasurer

Signed this 12<sup>th</sup> day of April 2024.

**SUBSCRIBED AND SWORN** to before me this 08 day of April, 2024 in  
**MAKATI CITY**, affiants exhibiting to me the following:

| <u>Name</u>             | <u>Government ID No.</u>    | <u>Place / Date of Issue</u>    |
|-------------------------|-----------------------------|---------------------------------|
| Santiago J. Ranada      | PP No. P0274808B            | DFA NCR East / 17 January 2019  |
| Victoria C. Delos Reyes | Senior Citizen ID No. 58406 | Makati City / 07 May 2012       |
| Erlinda I. Bildner      | Senior Citizen ID No. 49633 | Makati City / 20 September 2019 |

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Page No. 40  
Book No. 1  
Series of 2024



*Lei B*  
ATTY. BERNADETTE S. YANZON  
NOTARY PUBLIC - CITY OF MAKATI  
UNTIL 31 DECEMBER 2024  
NOTARIAL COMMISSION NO. M-262  
12/F TELECOM PLAZA BUILDING  
316 SEN. GIL PUYAT AVENUE, MAKATI CITY  
IBP LIFETIME MEMBER NO. 03264  
PTR NO. 10075057, 01/02/2024, MAKATI CITY  
MCLE COMPLIANCE NO. VII-0013527, 03/28/2022  
ROLL OF ATTORNEY'S NO. 45724  
TIN: 211-177-746



## Independent Auditor's Report

To the Board of Directors and Shareholders of  
**Philcomsat Holdings Corporation**  
12th Floor, Telecom Plaza Building  
316 Sen. Gil Puyat Ave., Makati City

### ***Report on the Audits of the Consolidated Financial Statements***

#### **Our Opinion**

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Philcomsat Holdings Corporation and its subsidiaries (together, the "Group") as at December 31, 2023 and 2022, and their consolidated financial performance and their consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRS).

#### *What we have audited*

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2023 and 2022;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2023;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2023;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2023; and
- the notes to the consolidated financial statements, including material accounting policy information.

#### **Basis for Opinion**

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines  
T: +63 (2) 8845 2728, [www.pwc.com/ph](http://www.pwc.com/ph)

Isla Lipana & Co. is the Philippine member firm of the PwC network. PwC refers to the Philippine member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.

Independent Auditor's Report  
 To the Board of Directors and Shareholders of  
 Philcomsat Holdings Corporation  
 Page 2

### **Our Audit Approach**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matter:

| <b>Key Audit Matter</b>   | <b>How our audit addressed the Key Audit Matter</b>   |
|---|---|
| <b>Fair valuation of financial assets at fair value through other comprehensive income</b> <p>Refer to Notes 6 and 22.2 to the consolidated financial statement</p> <p>As at December 31, 2023, the Group has financial assets at fair value through other comprehensive income (FVOCI) amounting to P912.4 million. Valuation of financial assets at FVOCI has been identified as a key audit matter primarily due to the significance of its amount, the volume of transactions, as well as the price volatility of the market. Any changes in market prices could expose the Group to significant market risk that may affect other comprehensive income, or profit or loss (upon disposal).</p> | <p>Our audit procedures to address the relevant assertion over valuation of financial assets at FVOCI included the following:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the Group's treasury and investment policies, processes, method, and assumptions used in determining fair value. In accordance with PFRS 13, the Group uses the market approach in determining valuation of each equity and debt financial instruments and identified mainly Level 1 inputs (i.e. quoted prices) as the relevant data input.</li> <li>• In order to test the valuation of financial assets at FVOCI as at December 31, 2023, we tested the inputs used by management in the valuation of the financial assets at FVOCI by agreeing data inputs against an independent source (i.e., Philippine Stock Exchange index and PDS Group).</li> </ul> |

Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Philcomsat Holdings Corporation  
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#### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), and SEC Form 17-A (Annual Report), but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), and SEC Form 17-A (Annual Report) are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information identified above which have not yet been received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Philcomsat Holdings Corporation  
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As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have compiled with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Philcomsat Holdings Corporation  
Page 5

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is  
Carlos Federico C. de Guzman.

**Isla Lipana & Co.**

A handwritten signature in black ink, appearing to read 'Carlos Federico C. de Guzman'.

Carlos Federico C. de Guzman  
Partner  
CPA Cert. No. 110973  
P.T.R. No. 0011285, issued on January 12, 2024, Makati City  
TIN 229-481-265  
BIR AN: 08-000745-141-2023, issued October 23, 2023; effective until October 22, 2026  
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City  
April 12, 2024



## **Statement Required by Rule 68 Securities Regulation Code (SRC)**

To the Board of Directors and Shareholders of  
**Philcomsat Holdings Corporation**  
12th Floor, Telecom Plaza Building  
316 Sen. Gil Puyat Ave., Makati City

We have audited the accompanying consolidated financial statements of Philcomsat Holdings Corporation (the "Parent Company") and its subsidiaries as at and for the year ended December 31, 2023, on which we have rendered the attached report dated April 12, 2024.

In compliance with SRC Rule 68 and based on the certification received from the Parent Company's corporate secretary and the results of the work we performed, the Parent Company has 1,173 shareholders owning one hundred (100) or more shares each as at December 31, 2023.

**Isla Lipana & Co.**

A handwritten signature in black ink, appearing to read 'Carlos Federico C. de Guzman'.

Carlos Federico C. de Guzman  
Partner  
CPA Cert. No. 110973  
P.T.R. No. 0011285, issued on January 12, 2024, Makati City  
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Makati City  
April 12, 2024

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## **Statement Required by Rule 68 Securities Regulation Code (SRC)**

To the Board of Directors and Shareholders of  
**Philcomsat Holdings Corporation**  
12th Floor, Telecom Plaza Building  
316 Sen. Gil Puyat Ave., Makati City

We have audited the consolidated financial statements of Philcomsat Holdings Corporation (the "Parent Company") and its subsidiaries (together, the "Group") as at and for the year ended December 31, 2023, on which we have rendered the attached report dated April 12, 2024.

The supplementary information shown in the Reconciliation of the Parent Company's Retained Earnings Available for Dividend Declaration, Map showing the Relationships between and among the Companies in the Group, its Ultimate Parent Company and Co-Subsidiaries, and Schedules A, B, C, D, E, F and G, as additional components required by the Revised Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission, and are not required parts of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Group's management and has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information has been prepared in accordance with Revised Rule 68 of the SRC.

**Isla Lipana & Co.**

  
Carlos Federico C. de Guzman  
Partner  
CPA Cert. No. 110973  
P.T.R. No. 0011285, issued on January 12, 2024, Makati City  
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## **Statement Required by Rule 68 Securities Regulation Code (SRC)**

To the Board of Directors and Shareholders of  
**Philcomsat Holdings Corporation**  
12th Floor, Telecom Plaza Building  
316 Sen. Gil Puyat Ave., Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Philcomsat Holdings Corporation (the "Parent Company") and its subsidiaries (together, the "Group") as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, on which we have issued our report thereon dated April 12, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Parent Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised SRC Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

**Isla Lipana & Co.**

  
Carlos Federico C. de Guzman  
Partner  
CPA Cert. No. 110973  
P.T.R. No. 0011285, issued on January 12, 2024, Makati City  
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**Philcomsat Holdings Corporation and Subsidiaries**

Consolidated Statements of Financial Position

As at December 31, 2023 and 2022

(All amounts in Philippine Peso)

|   | Notes | 2023                 | 2022                 |
|---|-------|----------------------|----------------------|
| <b>Assets</b>   |       |                      |                      |
| <b>Current assets</b>   |       |                      |                      |
| Cash and cash equivalents   | 2     | 119,750,672          | 77,346,117           |
| Receivables, net  | 3     | 119,371,493          | 174,052,332          |
| Due from related parties  | 16    | 6,938,183            | 264,773,649          |
| Financial assets at fair value through profit or loss (FVPL)              |       | 131,104              | 102,184              |
| Other current assets  |       | 321,018              | 391,919              |
|   |       | 246,512,470          | 516,666,201          |
| Assets held for sale  | 4     | 8,999,710            | -                    |
| <b>Total current assets</b>   |       | <b>255,512,180</b>   | <b>516,666,201</b>   |
| <b>Non-current assets</b>   |       |                      |                      |
| Financial assets at fair value through other comprehensive income (FVOCI) | 6     | 912,363,316          | 950,613,288          |
| Receivables, net of current portion                                       | 3     | -                    | 5,000,000            |
| Investment properties   | 7     | 337,864,550          | 2,249,424            |
| Right-of-use (ROU) asset, net   | 10    | 2,057,355            | 254,286              |
| Property and equipment, net   | 8     | 52,156               | 60,320               |
| Deferred income tax assets  | 15    | 132,199              | -                    |
| Other non-current assets  | 5     | 11,757,366           | 7,091,056            |
| <b>Total non-current assets</b>   |       | <b>1,264,226,942</b> | <b>965,268,374</b>   |
| <b>Total assets</b>   |       | <b>1,519,739,122</b> | <b>1,481,934,575</b> |
| <b>Liabilities and Equity</b>   |       |                      |                      |
| <b>Current liabilities</b>  |       |                      |                      |
| Trade and other payables  | 9     | 6,729,170            | 5,191,516            |
| Dividends payable   |       | 5,184,637            | 8,972,507            |
| Due to a related party  | 16    | 28,344,614           | -                    |
| Lease liability   | 10    | 1,865,929            | 257,209              |
| <b>Total current liabilities</b>  |       | <b>42,124,350</b>    | <b>14,421,232</b>    |
| <b>Non-current liabilities</b>  |       |                      |                      |
| Deposit for future stock subscription                                     | 16    | 18,894,000           | 18,894,000           |
| Lease liability, net of current portion                                   | 10    | 265,843              | -                    |
| Deferred income tax liabilities, net                                      | 15    | -                    | 1,539,710            |
| <b>Total non-current liabilities</b>                                      |       | <b>19,159,843</b>    | <b>20,433,710</b>    |
| <b>Total liabilities</b>  |       | <b>61,284,193</b>    | <b>34,854,942</b>    |
| <b>Equity</b>   |       |                      |                      |
| Share capital   | 11    | 996,391,254          | 996,391,254          |
| Retained earnings   |       | 498,504,554          | 481,982,037          |
| Other equity reserves   | 6     | (36,440,879)         | (31,293,658)         |
| <b>Total equity</b>   |       | <b>1,458,454,929</b> | <b>1,447,079,633</b> |
| <b>Total liabilities and equity</b>                                       |       | <b>1,519,739,122</b> | <b>1,481,934,575</b> |

(The notes on pages 1 to 36 are integral part of these financial statements)

**Philcomsat Holdings Corporation and Subsidiaries**

Consolidated Statements of Total Comprehensive Income  
 For each of the three years in the period ended December 31, 2023  
 (All amounts in Philippine Peso, except earnings per share)

|   | <b>Notes</b> | <b>2023</b>       | <b>2022</b>         | <b>2021</b>       |
|---|--------------|-------------------|---------------------|-------------------|
| <b>Income</b>   | 12           | 55,948,553        | 63,536,279          | 57,280,800        |
| Cost and expenses   | 13           | (36,081,584)      | (33,345,200)        | (38,376,329)      |
| Other (expense) income, net   | 14           | (2,746,989)       | 6,514,965           | 2,865,724         |
| Finance cost  | 10           | (130,479)         | (22,806)            | (40,908)          |
| <b>Profit before income tax</b>   |              | <b>16,989,501</b> | <b>36,683,238</b>   | <b>21,729,287</b> |
| Income tax benefit (expense)  | 15           | 901,530           | (1,543,175)         | (1,522,438)       |
| <b>Profit for the year</b>  |              | <b>17,891,031</b> | <b>35,140,063</b>   | <b>20,206,849</b> |
| <b>Other comprehensive income (loss)</b>                                    |              |                   |                     |                   |
| <i>Item that may subsequently be reclassified to profit or loss</i>         |              |                   |                     |                   |
| Fair value gain (loss) on debt instruments at FVOCI                         | 6            | 7,081,074         | (15,272,669)        | (6,692,967)       |
| <i>Item that will not to be subsequently reclassified to profit or loss</i> |              |                   |                     |                   |
| Fair value gain (loss) on equity instruments at FVOCI                       | 6            | (16,137,490)      | (34,205,118)        | 24,511,552        |
|   |              | (9,056,416)       | (49,477,787)        | 17,818,585        |
| <b>Total comprehensive income (loss) for the year</b>                       |              | <b>8,834,615</b>  | <b>(14,337,724)</b> | <b>38,025,434</b> |
| <b>Earnings per share (basic and diluted)</b>                               | 17           | 0.0180            | 0.0353              | 0.0203            |

(The notes on pages 1 to 36 are integral part of these financial statements)

**Philcomsat Holdings Corporation and Subsidiaries**

Consolidated Statements of Changes in Equity  
 For each of the three years in the period ended December 31, 2023  
 (All amounts in Philippine Peso)

|  | <b>Share capital<br/>(Note 11)</b> | <b>Retained<br/>earnings</b> | <b>Other equity<br/>reserves<br/>(Note 6)</b> | <b>Total equity</b> |
|--|------------------------------------|------------------------------|---|---------------------|
| <b>Balances at January 1, 2021</b>   | 996,391,254                        | 477,971,839                  | (1,164,903)                                   | 1,473,198,190       |
| <b>Comprehensive income</b>  |                                    |                              |   |                     |
| Profit for the year  | -                                  | 20,206,849                   | -   | 20,206,849          |
| Other comprehensive income for the year  | -                                  | -                            | 17,818,585                                    | 17,818,585          |
| <b>Total comprehensive income for the year</b>   | -                                  | 20,206,849                   | 17,818,585                                    | 38,025,434          |
| Transfer of loss on disposal of FVOCI equity instruments   | -                                  | (5,819,282)                  | 5,819,282                                     | -                   |
| Reclassification of cumulative fair value changes of FVOCI debt instruments sold to profit or loss             | -                                  | -                            | 349,065                                       | 349,065             |
| <b>Balances at December 31, 2021</b>   | 996,391,254                        | 492,359,406                  | 22,822,029                                    | 1,511,572,689       |
| <b>Comprehensive income</b>  |                                    |                              |   |                     |
| Profit for the year  | -                                  | 35,140,063                   | -   | 35,140,063          |
| Other comprehensive loss for the year  | -                                  | -                            | (49,477,787)                                  | (49,477,787)        |
| <b>Total comprehensive loss for the year</b>   | -                                  | 35,140,063                   | (49,477,787)                                  | (14,337,724)        |
| <b>Transaction with owners</b>   |                                    |                              |   |                     |
| Dividends declared (Note 11)   | -                                  | (49,819,563)                 | -   | (49,819,563)        |
| Transfer of gain on disposal of FVOCI equity instruments   | -                                  | 4,302,131                    | (4,302,131)                                   | -                   |
| Reclassification of cumulative fair value changes of FVOCI debt instruments sold to profit or loss             | -                                  | -                            | (335,769)                                     | (335,769)           |
| <b>Balances at December 31, 2022</b>   | 996,391,254                        | 481,982,037                  | (31,293,658)                                  | 1,447,079,633       |
| <b>Comprehensive income</b>  |                                    |                              |   |                     |
| Profit for the year  | -                                  | 17,891,031                   | -   | 17,891,031          |
| Other comprehensive income for the year  | -                                  | -                            | (9,056,416)                                   | (9,056,416)         |
| <b>Total comprehensive income for the year</b>   | -                                  | 17,891,031                   | (9,056,416)                                   | 8,834,615           |
| Transfer of loss on disposal of FVOCI equity instruments   | -                                  | (1,368,514)                  | 1,368,514                                     | -                   |
| Reclassification of cumulative fair value changes of debt instruments measured at FVOCI sold to profit or loss | -                                  | -                            | 2,540,681                                     | 2,540,681           |
| <b>Balances at December 31, 2023</b>   | 996,391,254                        | 498,504,554                  | (36,440,879)                                  | 1,458,454,929       |

(The notes on pages 1 to 36 are integral part of these financial statements)

**Philcomsat Holdings Corporation and Subsidiaries**

Consolidated Statements of Cash Flows  
For each of the three years in the period ended December 31, 2023  
(All amounts in Philippine Peso)

|  | Notes | 2023          | 2022          | 2021          |
|--|-------|---------------|---------------|---------------|
| <b>Cash flows from operating activities</b>  |       |               |               |               |
| Profit before income tax   |       | 16,989,501    | 36,683,238    | 21,729,287    |
| Adjustments for:   |       |               |               |               |
| Realized loss (gain) on sale of debt instruments                                       | 6,14  | 2,540,681     | (335,769)     | 349,065       |
| Depreciation and amortization  | 8,10  | 1,828,553     | 1,744,116     | 1,717,775     |
| Interest expense   | 10    | 130,479       | 22,806        | 40,908        |
| Provision for impairment of receivables  | 3,13  | 2,028,920     | 13,333        | 2,797         |
| Impairment of assets held for sale   | 4,13  | 1,150,790     | -             | -             |
| Gain on extinguishment of debt   | 14,16 | (36,971)      | -             | -             |
| Unrealized foreign exchange loss (gain)  | 14    | 272,199       | (6,183,896)   | (3,194,665)   |
| Unrealized (gain) loss on financial assets at fair value through profit or loss (FVPL) | 14    | (28,920)      | 4,700         | (20,124)      |
| Operating cash flows before changes in assets and liabilities                          |       | 24,875,232    | 31,948,528    | 20,625,043    |
| Decrease (Increase) in:  |       |               |               |               |
| Receivables  |       | 11,501,419    | 16,380,347    | 55,865,014    |
| Due from related parties   |       | (13,567,479)  | (75,340,336)  | (179,834,692) |
| Other current assets   |       | 70,901        | (271,404)     | 303,105       |
| Other non-current assets   |       | (5,436,689)   | (411,933)     | (526,768)     |
| (Decrease) Increase in:  |       |               |               |               |
| Trade and other payables   |       | 1,707,058     | (12,610)      | 820,342       |
| Cash generated from (used in) operations   |       | 19,150,442    | (27,707,408)  | (102,747,956) |
| Acquisitions of:   |       |               |               |               |
| Financial assets at FVOCI  | 6     | (280,073,815) | (260,333,214) | (281,309,746) |
| Proceeds from redemption and maturity of:  |       |               |               |               |
| Financial assets at FVOCI  | 6     | 309,267,371   | 286,840,495   | 289,885,124   |
| Income taxes paid  |       | -             | (714,257)     | (930,188)     |
| Net cash from (used in) operating activities   |       | 48,343,998    | (1,914,384)   | (95,102,766)  |
| <b>Cash flows used in investing activities</b>   |       |               |               |               |
| Additions to property and equipment  | 8     | (21,864)      | (26,518)      | (63,562)      |
| <b>Cash flows from financing activities</b>  |       |               |               |               |
| Payments of:   |       |               |               |               |
| Dividends  | 11    | (3,787,870)   | (40,847,056)  | -             |
| Lease liabilities  | 10    | (1,727,031)   | (1,758,591)   | (1,661,829)   |
| Interest expense on lease liabilities  | 10    | (130,479)     | (22,806)      | (40,908)      |
| Net cash used in financing activities  |       | (5,645,380)   | (42,628,453)  | (1,702,737)   |
| <b>Net increase (decrease) in cash</b>   |       | 42,676,754    | (44,569,355)  | (96,869,065)  |
| Cash and cash equivalents at beginning of year   |       | 77,346,117    | 115,731,576   | 209,405,976   |
| Effect of foreign exchange rates changes   |       | (272,199)     | 6,183,896     | 3,194,665     |
| <b>Cash and cash equivalents as at end of year</b>                                     | 2     | 119,750,672   | 77,346,117    | 115,731,576   |

(The notes on pages 1 to 36 are integral part of these financial statements)

## Philcomsat Holdings Corporation and Subsidiaries

### Notes to Consolidated Financial Statements

As at December 31, 2023 and 2022 and for each of the three years  
in the period ended December 31, 2023

(All amounts are shown in Philippine Peso, unless otherwise stated)

## 1 General Information

### 1.1 Corporate information

Philcomsat Holdings Corporation (formerly Liberty Mines, Inc.) [the Parent Company] was incorporated and registered with the Securities and Exchange Commission (SEC) on May 10, 1956 with the primary purpose of embarking in the discovery, exploration, development and exploitation of mineral oils, petroleum in its natural state, rock or carbon oils and other volatile mineral substance and with the secondary purpose of engaging in the business of mining in general. The Parent Company ceased oil and mining operations in 1992.

On July 23, 1997, the SEC approved the amended Articles of Incorporation of the Parent Company consisting of: a) change in its primary purpose from an exploration and mining company to a holding company and revision of its secondary purpose clauses; and b) change of the corporate name from Liberty Mines, Inc. to Philcomsat Holdings Corporation.

The Parent Company started operations as a holding company on January 1, 2000. The Parent Company derives income from money market placements, bank deposits, financial assets at FVOCI and other investments.

On May 9, 2006, the SEC approved the extension of the Parent Company's corporate life for another fifty (50) years.

On May 23, 2016, the Parent Company's Board of Directors (BOD) confirmed and ratified its previous resolution increasing the authorized capital stock of the Parent Company from P1.0 billion, divided into 1,000,000,000 shares with par value of P1 per share, to P3.0 billion, divided into 3,000,000,000 shares with par value of P1 per share. As at report date, the resolution is awaiting ratification by the stockholders and pending application with SEC.

The Parent Company is 79.94% owned by Philippine Communications Satellite Corporation (Philcomsat), a company incorporated in the Philippines. The ultimate parent company is Philippine Overseas Telecommunications Corporation (POTC), a company also incorporated in the Philippines. Philcomsat and POTC are both engaged in the telecommunications business.

The Parent Company and all of its subsidiaries (collectively referred to as "the Group") were incorporated in the Philippines. The following are the Parent Company's subsidiaries and the respective percentages of ownership as at December 31:

| Subsidiary                                    | Principal business activity | Percentage of ownership |          |        |          |        |          |
|---|-----------------------------|-------------------------|----------|--------|----------|--------|----------|
|   |                             | 2023                    |          | 2022   |          | 2021   |          |
|   |                             | Direct                  | Indirect | Direct | Indirect | Direct | Indirect |
| Philcomsat Management Enterprises Inc. (PMEI) | Management Services         | 100                     | -        | 100    | -        | 100    | -        |
| Professional Stock Transfer Inc. (PSTI)       | Stock Transfer Agency       | -                       | 100      | -      | 100      | -      | 100      |

\*Parent Company's ownership in PSTI is indirect through PMEI.

The registered office address and principal place of business of the subsidiaries are as follows:

|   |  |
|---|--|
| Philcomsat Management Enterprises Inc. (PMEI) | 12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City |
| Professional Stock Transfer Inc. (PSTI)       | 12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City |

The registered address, and principal place of business, of the Parent Company is at 12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City.

## **1.2 Listing of shares in Philippine Stock Exchange (PSE)**

The Parent Company's original 60 million shares are listed and used to be traded in the PSE.

On May 3, 2007, the PSE suspended the trading of the Parent Company's shares due to pending compliance with certain structured reportorial requirements. On December 3, 2008, the SEC ordered the suspension of the Parent Company's registration of securities from the date of the receipt of the Order until the Parent Company is able to submit the reportorial requirements and fully pay the corresponding penalties.

On April 1, 2014, the Parent Company, through its legal counsel, submitted to the SEC three (3) letter request for the lifting of the order of suspension and for a compromise payment of the penalties. The SEC, on December 29, 2015, lifted the order of suspension and directed the Parent Company to file an updated Registration Statement.

As at the date of report, the Parent Company is still in the process of updating its Registration Statement.

## **1.3 Approval of the consolidated financial statements**

The consolidated financial statements of the Group were approved and authorized for issue by the Parent Company's BOD April 12, 2024.

## **2 Cash and cash equivalents**

Cash and cash equivalents as at December 31 consist of:

|                       | 2023               | 2022              |
|-----------------------|--------------------|-------------------|
| Cash on hand          | 11,100             | 10,152            |
| Cash in banks         | 43,659,101         | 30,736,330        |
| Short-term placements | 76,080,471         | 46,599,635        |
|                       | <u>119,750,672</u> | <u>77,346,117</u> |

Cash in banks earn interest at prevailing bank deposit rates.

Cash equivalents pertain to special savings and time deposits, with terms of varying periods up to three (3) months and earn interest at prevailing special savings and time deposits rates.

Interest income earned from cash in banks and cash equivalents for the year ended December 31, 2023 amounted to P2,633,656 (2022 - P958,973; 2021 - P751,605) (Note 12).

### 3 Receivables, net

Receivables as at December 31 consist of:

|   | Notes | 2023        | 2022        |
|---|-------|-------------|-------------|
| Notes and loans receivable                                |       |             |             |
| Corporate notes   | 16    | 77,124,767  | 110,032,110 |
| Promissory notes issued by various financial institutions | 4     | 34,000,000  | 41,000,000  |
| Interest receivables                                      |       | 8,502,898   | 26,227,510  |
|   |       | 119,627,665 | 177,259,620 |
| Retainer fee receivable                                   |       | 1,767,813   | 1,750,295   |
| Less: Allowance for ECL                                   |       | (2,057,317) | (28,397)    |
|   |       | 119,338,161 | 178,981,518 |
| Dividend receivables                                      |       | 33,332      | 70,814      |
| Subtotal  |       | 119,371,493 | 179,052,332 |
| Less: Non-current portion or promissory notes             |       | -           | (5,000,000) |
| Current portion of receivables                            |       | 119,371,493 | 174,052,332 |

As at each reporting period, all outstanding amount of receivables are collectible in cash, interest bearing, unsecured and unguaranteed.

Movements in the allowance for ECL are summarized below:

|   | Note | 2023      | 2022   | 2021   |
|---|------|-----------|--------|--------|
| Balance at beginning of year            |      | 28,397    | 15,064 | 12,267 |
| Provision for impairment of receivables | 13   | 2,028,920 | 13,333 | 2,797  |
| Balance at end of year                  |      | 2,057,317 | 28,397 | 15,064 |

#### *Corporate notes*

Unsecured corporate notes outstanding as at December 31, 2023 and 2022 pertain to short-term corporate promissory notes issued by various entities, with terms of thirty-five days up to one year and earn interest ranging from 5.5% to 11.0% per annum.

#### *Promissory notes issued by financial institutions*

Unsecured promissory notes are issued by various financial institutions with original terms ranging from two to ten years and earn interest ranging from 4% to 7% per annum.

In 2023, interest income earned from corporate notes and promissory notes issued by various financial institutions amounted to P8.16 million (2022 - P17.60 million; 2021 - P14.58 million) (Note 12).

#### *Critical accounting estimate: Provision for impairment of receivables*

Provision for impairment of receivables is maintained at a level considered adequate to provide for uncollectible receivables. Expected credit losses (ECL) on receivables are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the receivables and incorporated forward-looking information, including significant changes in external market indicators which involved significant estimates and judgements.

Management believes, based on its assessment that the carrying amount of receivables as at each reporting period is recoverable.

#### 4 Assets held for sale

In 2023, the Group obtained equipment and furniture valued at P10,150,450 as a form of repayment of its notes receivable from one of its debtors. These assets were obtained with the intention to sell to its affiliate companies and is expected to be completed within the next 12 months. As such, these were then classified as non-current assets held for sale in the statement of financial position. The assets were measured at the lower of carrying amount and fair value less cost to sell at the time of recognition and as a result, an impairment loss of P1,150,790 was recognized (Note 13).

As at December 31, 2023, the carrying amount of the assets held for sale is P8,999,710.

In 2023, for purposes of statements of cash flows reporting, the exchange of equipment and furniture, and notes receivable amounting to P10,150,450 is considered a non-cash operating and investing activity.

#### 5 Other non-current assets

Other non-current assets as at December 31 consist of:

|                                  | 2023       | 2022      |
|----------------------------------|------------|-----------|
| Creditable withholding tax (CWT) | 5,663,501  | 3,064,648 |
| Input value-added tax (VAT)      | 4,774,436  | 2,706,979 |
| Goodwill                         | 1,319,429  | 1,319,429 |
|                                  | 11,757,366 | 7,091,056 |

*Critical accounting judgement: Impairment of Goodwill*

Goodwill pertains to the acquisition of PSTI by PMEI amounting to P1.3 million. The Group reviews at least annually whether there is any objective evidence that the Group's goodwill is impaired.

Management assessed that the recoverable amount of PSTI, the CGU to which the goodwill is allocated, exceeds its carrying amount. In estimating the related value in use, Management used a cash flow projection based on past performance of the acquiree covering a five-year period at a discount rate of 4.44%. Cash flows beyond that five-year period have been extrapolated using the PSTI's average historical growth rate.

No impairment on goodwill was recognized as at each reporting period.

*Critical accounting judgement: Recoverability of CWT and input VAT*

The Group reviews at each reporting date whether there is any objective evidence that the Group's CWT and input VAT is impaired. In making this judgment, the Group evaluates its revenues and taxable income forecasts against which the CWT and input VAT can be applied. Management believes that the carrying amount of input VAT as at each reporting period will be utilized and can be applied against output VAT payable arising from other income.

CWT is recognized to the extent that it is probable that future tax liabilities will be available against which tax credits can be utilized. Determining the realizability of creditable withholding taxes requires the assessment of the availability of taxable profit expected to be generated from the operations which effectively drives the tax liabilities against which such creditable taxes can be applied.

Management believes that the carrying amount of CWT as at each reporting period is recoverable.

## 6 Financial assets at FVOCI

Financial assets at FVOCI as at December 31 consist of:

|                                    | 2023               | 2022               |
|------------------------------------|--------------------|--------------------|
| <b>Investments in:</b>             |                    |                    |
| Quoted shares                      | 580,377,590        | 572,150,436        |
| Quoted shares of stocks            | 181,171,339        | 225,412,953        |
| Unit investment trust funds (UITF) | 111,514,387        | 115,099,899        |
| Club memberships                   | 9,300,000          | 7,950,000          |
| Unquoted shares of stocks          | 30,000,000         | 30,000,000         |
|                                    | <b>912,363,316</b> | <b>950,613,288</b> |

Movements of financial assets at FVOCI for the years ended December 31 are as follows:

|                                 | Cost          | Fair value<br>reserve | Carrying value |
|---------------------------------|---------------|-----------------------|----------------|
| <b>At January 1, 2022</b>       | 1,003,776,327 | 22,822,029            | 1,026,598,356  |
| Acquisitions of FVOCI           | 260,333,214   | -                     | 260,333,214    |
| Disposals of FVOCI              | (282,202,595) | (4,637,900)           | (286,840,495)  |
| Unrealized loss credited to OCI | -             | (49,477,787)          | (49,477,787)   |
| <b>At December 31, 2022</b>     | 981,906,946   | (31,293,658)          | 950,613,288    |
| Acquisitions of FVOCI           | 280,073,815   | -                     | 280,073,815    |
| Disposals of FVOCI              | (313,176,566) | 3,909,195             | (309,267,371)  |
| Unrealized loss credited to OCI | -             | (9,056,416)           | (9,056,416)    |
| <b>At December 31, 2023</b>     | 948,804,195   | (36,440,879)          | 912,363,316    |

The movements in fair value reserve on FVOCI for the years ended December 31 are as follows:

|   | 2023                | 2022                | 2021              |
|---|---------------------|---------------------|-------------------|
| Beginning balance   | (31,293,658)        | 22,822,029          | (1,164,903)       |
| Fair value changes recorded in OCI  | (9,056,416)         | (49,477,787)        | 17,818,585        |
| Reclassification of cumulative fair value changes<br>from OCI to profit or loss on disposal of debt<br>instruments at FVOCI | 2,540,681           | (335,769)           | 349,065           |
| Transfer from other reserves directly to retained<br>earnings on disposal of equity instruments at<br>FVOCI                 | 1,368,514           | (4,302,131)         | 5,819,282         |
| <b>Ending balance</b>   | <b>(36,440,879)</b> | <b>(31,293,658)</b> | <b>22,822,029</b> |

Interest income earned from financial assets at FVOCI in 2023 amounted to P25.3 million (2022 - P22.9 million; 2021 - P25.2 million) (Note 12).

Dividend income earned from financial assets at FVOCI in 2023 amounted to P10.0 million (2022 - P12.6 million; 2021 - P7.7 million) (Note 12).

For the year ended December 31, 2023, realized loss on sale of debt instruments at FVOCI recognized directly to profit or loss amounted to P2,540,681 (2022 - P335,769 gain; 2021 - P349,065 loss).

For the year ended December 31, 2023, realized loss on sale of equity instruments at FVOCI recognized directly to retained earnings amounted to P1,368,514 (2022 - P4,302,131 gain; 2021 - P5,819,282 loss).

The fair values of these financial assets are determined based on quoted market bid prices at the close of business as at reporting date since most of these are actively traded in an organized financial market. The fair value measurement of the financial assets at FVOCI is classified as Level 1 (Quoted bonds, shares of stock and club memberships) and level 2 (UITF) and Level 3 (unquoted shares of stock).

*Critical accounting estimate: Fair value of financial instruments*

Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models that primarily uses as inputs market based or independently sourced market parameters. The Group's financial assets at FVOCI as at each reporting period comprise primarily of equity and debt securities traded in the Philippine Stock Exchange (PSE) which has an active market, wherein securities are traded, or can be bought and sold. Financial assets at FVOCI measured using Level 2 and Level 3 inputs are not material.

The sensitivity analysis on the reasonable possible changes in market prices of the Group's securities is disclosed in Note 21.

**7 Investment properties**

On December 29, 2023, the Group obtained nine parcels of land through dacion en pago with a related party amounting to P335,615,126 and covering three hundred eighty-three thousand nine hundred ninety-nine (383,999) square meters located at Ibis, Bagac, Bataan (Note 16). The land's title is currently being processed for transfer to the name of PHC.

As at December 31, 2023 and 2022, the Group has certain parcels of land amounting to P2,249,424 and covering one thousand two hundred (1,200) square meters located at Pasinay Bagac, Bataan. On January 16, 2019, the land's title was transferred to the name of PMEI.

Level 2 fair values of investment properties have been derived using the market approach. In using the market approach, the value of the investment property is based on recorded sales and listings (or asking prices) of comparable property registered within the vicinity amounted to P383,999,000 (2022 - P3,042,000). Management developed these estimates on the basis of recorded sales and listing (or asking prices) of comparable properties registered within the vicinity of the respective land properties. The most significant input into this valuation approach is the zonal value price per square foot.

The investment properties are not pledged as security for liabilities as at each reporting period.

*Critical accounting judgement: Recoverability of investment properties, and property and equipment*

The Group's investment properties and property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. On a regular basis, management determines if there are triggering events or impairment indicators based on current circumstances. An impairment loss is recognized whenever evidence exists that the carrying value is not recoverable.

As at each reporting period, Management believes, based on its assessment and judgment, that there are no indications of impairment or changes in circumstances indicating that the carrying amount of its non-financial assets may be impaired.

## 8 Property and equipment, net

Property and equipment, net as at December 31 consist of:

|                                      | Transportation equipment | Furniture and fixtures | Office equipment | Office improvement | Total       |
|--------------------------------------|--------------------------|------------------------|------------------|--------------------|-------------|
| At January 1, 2021                   |                          |                        |                  |                    |             |
| Cost                                 | 5,011,638                | 3,528,775              | 1,187,730        | 39,325             | 9,767,468   |
| Accumulated depreciation             | (4,997,430)              | (3,528,775)            | (1,187,730)      | (39,325)           | (9,753,260) |
| Net carrying value                   | 14,208                   | -                      | -                | -                  | 14,208      |
| For the year ended December 31, 2021 |                          |                        |                  |                    |             |
| Opening carrying value               | 14,208                   | -                      | -                | -                  | 14,208      |
| Addition                             | -                        | -                      | 63,562           | -                  | 63,562      |
| Depreciation expense (Note 13)       | (12,178)                 | -                      | (4,890)          | -                  | (17,068)    |
| Closing net carrying value           | 2,030                    | -                      | 58,672           | -                  | 60,702      |
| At January 1, 2022                   |                          |                        |                  |                    |             |
| Cost                                 | 5,011,638                | 3,528,775              | 1,251,292        | 39,325             | 9,831,030   |
| Accumulated depreciation             | (5,009,608)              | (3,528,775)            | (1,192,620)      | (39,325)           | (9,770,328) |
| Net carrying value                   | 2,030                    | -                      | 58,672           | -                  | 60,702      |
| For the year ended December 31, 2022 |                          |                        |                  |                    |             |
| Opening carrying value               | 2,030                    | -                      | 58,672           | -                  | 60,702      |
| Addition                             | -                        | -                      | 26,518           | -                  | 26,518      |
| Depreciation expense (Note 13)       | (2,030)                  | -                      | (24,870)         | -                  | (26,900)    |
| Closing net carrying value           | -                        | -                      | 60,320           | -                  | 60,320      |
| At January 1, 2023                   |                          |                        |                  |                    |             |
| Cost                                 | 5,011,638                | 3,528,775              | 1,277,810        | 39,325             | 9,857,548   |
| Accumulated depreciation             | (5,011,638)              | (3,528,775)            | (1,217,490)      | (39,325)           | (9,797,228) |
| Net carrying value                   | -                        | -                      | 60,320           | -                  | 60,320      |
| For the year ended December 31, 2023 |                          |                        |                  |                    |             |
| Opening carrying value               | -                        | -                      | 60,320           | -                  | 60,320      |
| Addition                             | -                        | -                      | 21,864           | -                  | 21,864      |
| Depreciation expense (Note 13)       | -                        | -                      | (30,028)         | -                  | (30,028)    |
| Closing net carrying value           | -                        | -                      | 52,156           | -                  | 52,156      |
| At December 31, 2023                 |                          |                        |                  |                    |             |
| Cost                                 | 5,011,638                | 3,528,775              | 1,299,674        | 39,325             | 9,879,412   |
| Accumulated depreciation             | (5,011,638)              | (3,528,775)            | (1,247,518)      | (39,325)           | (9,827,256) |
| Net carrying value                   | -                        | -                      | 52,156           | -                  | 52,156      |

## 9 Trade and other payables

Trade and other payables as at December 31 consist of:

|                   | 2023      | 2022      |
|-------------------|-----------|-----------|
| Trade payables    | 3,624,129 | 2,631,274 |
| Statutory payable | 3,105,041 | 1,322,368 |
| Customer deposits | -         | 1,237,874 |
|                   | 6,729,170 | 5,191,516 |

Trade payables are non-interest bearing and are normally settled on a 30-day credit term.

Statutory payables pertain to expanded withholding taxes.

Customer deposits pertains to rental deposits received from the lessee of condominium units and parking slots which were sold in 2018. In 2023, the Group wrote off customer deposits amounting to P1,237,874 (2022 - nil) (Note 12).

## 10 Lease commitments

### *The Group as a lessee*

The Group has a lease agreement with Philcomsat for its office space for a term of two years subject to renewal under mutual agreement of both parties from January 1, 2019 to December 31, 2020. On January 1, 2021, the lease contract was renewed for another 2 years until December 31, 2022. The annual rent is subject to escalation fee of 5%.

In 2023, the Group entered a new contract of lease with Philcomsat for its office space for a term of two years from January 1, 2023 to December 31, 2024 which is renewable for such period as both parties may agree after expiration of the contract. Based on the lease contract, the leased premises shall be used solely for commercial or business purposes only.

Movements in the ROU asset as at December 31 are presented below:

|                                | Note | 2023        | 2022        | 2021        |
|--------------------------------|------|-------------|-------------|-------------|
| Net carrying amount, beginning |      | 254,286     | 1,971,502   | 237,777     |
| Additions                      |      | 3,601,594   | -           | 3,434,432   |
| Depreciation                   | 13   | (1,798,525) | (1,717,216) | (1,700,707) |
| Net carrying amount, ending    |      | 2,057,355   | 254,286     | 1,971,502   |

Details of ROU asset as at December 31 are as follows:

|                          | 2023        | 2022        |
|--------------------------|-------------|-------------|
| Cost                     | 3,601,594   | 3,434,432   |
| Accumulated depreciation | (1,544,239) | (3,180,146) |
|                          | 2,057,355   | 254,286     |

Movements in the lease liability as at December 31 are presented below:

|                   | 2023        | 2022        | 2021        |
|-------------------|-------------|-------------|-------------|
| Beginning balance | 257,209     | 2,015,800   | 243,197     |
| Additions         | 3,601,594   | -           | 3,434,432   |
| Interest expense  | 130,479     | 22,806      | 40,908      |
| Payments          | (1,857,510) | (1,781,397) | (1,702,737) |
| Ending balance    | 2,131,772   | 257,209     | 2,015,800   |

Future minimum lease payments under lease liability and the net present value of the minimum lease payments as at December 31 follows:

|  | 2023      | 2022    |
|--|-----------|---------|
| Not later than one year                          | 1,943,584 | 257,209 |
| More than one year but not later than five years | 272,070   | -       |
| Total minimum lease obligation                   | 2,215,654 | 257,209 |
| Less: future finance charges on lease liability  | (83,882)  | -       |
|  | 2,131,772 | 257,209 |

The following are the amounts recognized in the consolidated statements of total comprehensive income:

|                             | 2023      | 2022      | 2021      |
|-----------------------------|-----------|-----------|-----------|
| Depreciation on ROU asset   | 1,798,525 | 1,717,216 | 1,700,707 |
| Interest on lease liability | 130,479   | 22,806    | 40,908    |
|                             | 1,929,004 | 1,740,022 | 1,741,615 |

Depreciation expense from the ROU assets is allocated as follows:

|                                     | Note | 2023      | 2022      | 2021      |
|-------------------------------------|------|-----------|-----------|-----------|
| Cost of services                    | 13   | 282,629   | 267,000   | 109,476   |
| General and administrative expenses | 13   | 1,515,896 | 1,450,216 | 1,591,231 |
|                                     |      | 1,798,525 | 1,717,216 | 1,700,707 |

Total cash outflows for the payment of lease liabilities for the year ended December 31, 2023 amounted to P1,857,510 (2022 - P1,781,397; 2021 - P1,702,737).

*Critical accounting estimate: Determining the incremental borrowing rate*

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. Where third party financing cannot be obtained, the Group uses the government bond yield, adjusted for the (1) credit spread specific to each entity under the Group and (2) security using the right-of-use asset.

*Critical accounting judgment: Determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

## 11 Equity

*Share capital*

Details of share capital as at December 31, 2023 and 2022 are as follows:

|   | Number of shares | Amount        |
|---|------------------|---------------|
| Common shares at P1 par value per share   |                  |               |
| Authorized shares                         | 1,000,000,000    | 1,000,000,000 |
| Subscribed, issued and outstanding shares | 996,391,254      | 996,391,254   |

Of the total authorized capital stock, sixty million (60,000,000) shares are listed at the Philippine Stock Exchange (PSE).

Each common share confers upon a common shareholder: a) the right to vote at any shareholders' meeting or on any resolution of the shareholders; and b) the right to distribution of income under such terms and conditions as the BOD may approve. All holders of common shares shall have pre-emptive rights to acquire new shares to be issued by the Parent Company.

*Dividends declaration*

During the meeting of the Parent Company's BOD held on November 21, 2022, the Parent Company's BOD approved the declaration and distribution of a special cash dividend of P0.05 per share to all stockholders of record as of December 7, 2022 (or a total of P49,819,563), paid on January 5, 2023.

## 12 Income

Income for the years ended December 31 are as follows:

|                      | Notes | 2023       | 2022       | 2021       |
|----------------------|-------|------------|------------|------------|
| Interest income      | 2,3,6 | 36,068,922 | 41,520,582 | 40,499,658 |
| Dividend income      | 6     | 10,001,334 | 12,582,725 | 7,651,025  |
| Retainer fee         |       | 7,932,803  | 8,703,143  | 8,328,143  |
| Stock transfer fee   |       | 219,762    | 185,805    | 257,834    |
| Other service fee    |       | 620,488    | 544,024    | 544,140    |
| Miscellaneous income | 9     | 1,105,244  | -          | -          |
|                      |       | 55,948,553 | 63,536,279 | 57,280,800 |

Interest income included in revenue is earned from the following:

|                           | Notes | 2023       | 2022       | 2021       |
|---------------------------|-------|------------|------------|------------|
| Cash and cash equivalents | 2     | 2,633,656  | 958,973    | 751,605    |
| Receivables               | 3     | 8,157,033  | 17,603,608 | 14,579,006 |
| Financial assets at FVOCI | 6     | 25,278,233 | 22,958,001 | 25,169,047 |
|                           |       | 36,068,922 | 41,520,582 | 40,499,658 |

Retainer fee pertains to monthly retainer fees earned by PSTI being a stock transfer agent.

## 13 Costs and expenses

Costs and expenses for the years ended December 31 are as follows:

|   | Notes | 2023       | 2022       | 2021       |
|---|-------|------------|------------|------------|
| Cost of services:                       |       |            |            |            |
| Salaries and other benefits             |       | 1,471,720  | 1,431,966  | 1,225,445  |
| Professional fees                       |       | 1,213,459  | 1,900,375  | 1,844,541  |
| Depreciation                            | 10    | 282,629    | 267,000    | 109,476    |
| Communication, light and water          |       | 226,874    | 122,669    | 173,652    |
| Dues and subscription                   |       | 56,692     | 56,692     | 56,692     |
| Transportation and travel               |       | 49,191     | 215,004    | 255,532    |
| Medical                                 |       | 19,846     | 1,768      | -          |
|   |       | 3,320,411  | 3,995,474  | 3,665,338  |
| General and administrative expenses     |       |            |            |            |
| Professional fees                       |       | 11,661,811 | 13,333,873 | 13,793,766 |
| Directors' fees                         | 16    | 3,425,000  | 3,600,000  | 3,144,818  |
| Outside services                        |       | 3,137,717  | -          | -          |
| Representation and entertainment        |       | 3,009,953  | 2,958,904  | 3,180,306  |
| Transportation and travel               |       | 2,439,129  | 3,136,130  | 2,180,869  |
| Provision for impairment of receivables | 3     | 2,028,920  | 13,333     | 2,797      |
| Bank charges                            |       | 1,711,073  | 1,522,609  | 1,387,652  |
| Depreciation                            | 8,10  | 1,545,924  | 1,477,116  | 1,608,299  |
| Impairment of assets held for sale      | 4     | 1,150,790  | -          | -          |
| Legal fees                              |       | 814,196    | 799,032    | 6,909,500  |
| Taxes and licenses                      |       | 479,176    | 419,313    | 382,659    |
| Office supplies                         |       | 384,392    | 358,258    | 225,375    |
| Advertising                             |       | 296,339    | 594,164    | 528,006    |
| Others                                  |       | 676,753    | 1,136,994  | 1,366,944  |
|   |       | 32,761,173 | 29,349,726 | 34,710,991 |
| Total costs and expenses                |       | 36,081,584 | 33,345,200 | 38,376,329 |

## 14 Other (expense) income, net

Other (expense) income, net for the years ended December 31 are as follows:

|  | Notes | 2023        | 2022      | 2021      |
|--|-------|-------------|-----------|-----------|
| Realized (loss) gain on sale of FVOCI debt instruments | 6     | (2,540,681) | 335,769   | (349,065) |
| Unrealized foreign exchange (loss) gain                |       | (272,199)   | 6,183,896 | 3,194,665 |
| Unrealized gain (loss) on financial assets at FVPL     |       | 28,920      | (4,700)   | 20,124    |
| Gain from extinguishment of debt                       | 16    | 36,971      | -         | -         |
|  |       | (2,746,989) | 6,514,965 | 2,865,724 |

As discussed in Note 16, the extinguishment of debt in 2023 resulted from the assignment of certain parcels of land by the Parent Company in exchange for the settlement of the Notes receivable and Advances amounting to P35,356,250 and P272,046,695, respectively. The fair value of the parcels of land received by PHC amounted to P335,615,126 (Level 2). The extinguishment is considered a non-cash operating and investing activity for purposes of statements of cash flows reporting.

## 15 Income tax

### *Income tax expense*

The components of income tax benefit as shown in profit or loss for the years ended December 31 are as follows:

|          | 2023        | 2022      | 2021      |
|----------|-------------|-----------|-----------|
| Current  | 770,379     | 798,912   | 697,229   |
| Deferred | (1,671,909) | 744,263   | 825,209   |
|          | (901,530)   | 1,543,175 | 1,522,438 |

The reconciliation of the income tax benefit computed at statutory tax rate to provision for income tax expense for the years ended December 31 are as follows:

|  | 2023        | 2022        | 2021        |
|--|-------------|-------------|-------------|
| Income tax at applicable statutory tax rate            | 4,120,637   | 9,186,392   | 5,432,322   |
| Add (deduct) tax effects of:                           |             |             |             |
| Interest income already subjected to final tax         | (7,330,981) | (6,384,729) | (7,079,570) |
| Derecognition of NOLCO for the year                    | 2,558,206   | 1,230,955   | 5,189,542   |
| Change in unrecognized deferred income tax assets      | 671,839     | -           | (1,727,627) |
| Dividend income subject to final tax                   | (2,500,334) | (3,145,563) | (1,194,070) |
| Non-deductible expenses                                | 733,693     | 712,872     | 762,934     |
| Tax expense from MCIT                                  | 210,240     | 184,157     | 113,892     |
| Realized loss (gain) on sale of FVOCI debt instruments | 635,170     | (83,942)    | 87,266      |
| Others   | -           | (156,967)   | (62,251)    |
|  | (901,530)   | 1,543,175   | 1,522,438   |

*Deferred income tax*

The components of the Group's deferred income tax (DIT) assets (liabilities), net as at December 31 are as follows:

|   | 2023       | 2022        |
|---|------------|-------------|
| Lease liabilities, net                          | 640        | 585         |
| Allowance for doubtful accounts                 | 488,290    | 5,679       |
| Provision for impairment of asset held for sale | 287,697    | -           |
| Unrealized foreign exchange gain                | -          | (1,545,974) |
| NOLCO   | 13,076,344 | 10,491,551  |
| MCIT  | 509,113    | 437,435     |
|   | 14,362,084 | 9,389,276   |
| Recognized DIT assets (liabilities), net        | 132,199    | (1,539,710) |
| Unrecognized DIT asset                          | 14,229,885 | 10,928,986  |

*Net operating loss carryover (NOLCO)*

The Republic Act No. 9337 (the "Act") provided the NOLCO privilege which can be carried over as a deduction for the three succeeding taxable years immediately following the year such loss was incurred.

In 2020, pursuant to Section 4 (bbbb) of Bayanihan II and as implemented under RR 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five consecutive taxable years following the year of such loss.

Details of NOLCO at December 31 are as follows:

*Parent Company*

| Year incurred                   | Year of expiration | 2023       | 2022       |
|---------------------------------|--------------------|------------|------------|
| 2020                            | 2025               | 16,289,059 | 16,289,059 |
| 2021                            | 2026               | 20,758,171 | 20,758,171 |
| 2022                            | 2025               | 4,918,973  | 4,918,973  |
| 2023                            | 2026               | 10,232,824 | -          |
| Subtotal                        |                    | 52,199,027 | 41,966,203 |
| Tax rate                        |                    | 25%        | 25%        |
| Unrecognized DIT asset on NOLCO |                    | 13,049,757 | 10,491,551 |

*PMEI*

| Year incurred                 | Year of expiration | 2023    | 2022 |
|-------------------------------|--------------------|---------|------|
| 2023                          | 2026               | 132,934 | -    |
| Tax rate                      |                    | 20%     | 20%  |
| Recognized DIT asset on NOLCO |                    | 26,587  | -    |

#### *Minimum corporate income tax (MCIT)*

As provided under the Act, the Group shall pay the minimum corporate income tax (MCIT) or regular corporate income tax (RCIT), whichever is higher. Any excess of MCIT over the RCIT shall be carried forward on an annual basis and credited against RCIT for the next three succeeding taxable years. MCIT shall be imposed beginning on the fourth taxable year immediately following the taxable year in which such corporation started its business operations.

On March 26, 2021, Republic Act No. 11534, was signed into law. Under this law, effective July 1, 2020, the MCIT rate was reduced from 2% to one percent (1%) until June 30, 2023.

Effective July 1, 2023, the MCIT rate reverted to its original 2% based on the taxpayers gross income. For taxable year 2023, a two-tiered MCIT rate applies: 1% for the period January 1 to June 30, 2023 and 2% for the period July 1 to December 31, 2023.

In March 2024, Revenue Memorandum Circular No. 36-2024 issued by the Bureau of Internal Revenue (BIR) provided a clarification in manner of computing the MCIT for taxable year 2023. For taxpayers with calendar year ends, the MCIT rate to be used is 1.50% in 2023.

Details of MCIT as at December 31 are as follows:

| Year incurred                         | Year of expiration | 2023             | 2022           |
|---------------------------------------|--------------------|------------------|----------------|
| 2019                                  | 2022               | -                | 2,344          |
| 2020                                  | 2023               | 139,386          | 139,386        |
| 2021                                  | 2024               | 113,892          | 113,892        |
| 2022                                  | 2025               | 184,157          | 184,157        |
| 2023                                  | 2026               | 211,064          | -              |
| <b>Subtotal</b>                       |                    | <b>648,499</b>   | <b>439,779</b> |
| <b>Expired during the year</b>        |                    | <b>(139,386)</b> | <b>(2,344)</b> |
| <b>Recognized DIT asset on MCIT</b>   |                    | <b>824</b>       | <b>-</b>       |
| <b>Unrecognized DIT asset on MCIT</b> |                    | <b>508,289</b>   | <b>437,435</b> |

#### *Critical accounting judgment: Recoverability of DIT assets*

Realization of future tax benefit related to DIT assets is dependent on the Group's ability to generate future taxable income during the periods in which these are expected to be recovered. The Group has considered these factors in reaching a conclusion as to the amount of DIT assets recognized as at each reporting period and regularly reviews the recoverability of the DIT assets to be recognized.

## 16 Related party transactions

The table below summarizes the Group's transactions and balances with its related parties.

|                               | Terms and conditions  | Transactions |                |                | Balances                  |                         |
|-------------------------------|---|--------------|----------------|----------------|---------------------------|-------------------------|
|                               |   | 2023         | 2022           | 2021           | Due from (due to)<br>2023 | 2022                    |
| <b>Notes receivable</b>       |   |              |                |                |                           |                         |
| Parent Company                | Unsecured note, due on demand and bears interest of 5% to 7% per annum. Amounts are payable in cash on a gross basis. | -            | -              | -              | -                         | 34,000,000              |
| <i>Principal Interest</i>     | Interest bearing, unsecured, with no guarantee.   | -            | 1,630,000      | 1,311,644      | 941,644                   | 2,941,644               |
| Entities under common control |   |              |                |                |                           |                         |
| <i>Principal Interest</i>     | 8,000,000<br>3,021,025  | -<br>148,210 | -<br>2,976,797 | -<br>4,021,415 | 56,805,002<br>4,021,415   | 48,805,002<br>5,783,402 |
|                               | 11,021,025  | 1,778,210    | 4,288,441      | 61,768,061     | 61,768,061                | 91,530,048              |
| <b>Advances</b>               |   |              |                |                |                           |                         |
| Parent Company                | These are advances made by the related party for various project related expenses.                                    | 211,867      | 74,477,190     | 179,834,692    | 211,867                   | 258,047,334             |
| <i>Principal Interest</i>     | -   | 9,570,207    | 3,786,042      | -              | -                         | 13,356,249              |
| Entities under common control | Amounts are payable in cash on a gross basis. These are unsecured, unguaranteed interest bearing and due on demand.   | -            | 3,085,478      | -              | 6,726,316                 | 6,726,315               |
| <i>Principal Interest</i>     | 347,085   | 19,819       | 475,277        | 991,280        | 991,280                   | 610,975                 |
|                               | 558,952   | 87,152,694   | 184,096,011    | 7,929,463      | 7,929,463                 | 278,740,873             |
| <b>Due to related parties</b> |   |              |                |                |                           |                         |
| Ultimate Parent Company       | These are advances made by the related party for various project related expenses.                                    | (28,344,614) | -              | -              | (28,344,614)              | -                       |
|                               | Amounts are payable in cash on a gross basis. These are unsecured, non-interest bearing and due on demand.            |              |                |                |                           |                         |

|                                      | Terms and conditions   | Transactions |           |           | Balances<br>Due from (due to) |            |
|--------------------------------------|--|--------------|-----------|-----------|-------------------------------|------------|
|                                      |  | 2023         | 2022      | 2021      | 2023                          | 2022       |
| <b>Extinguishment of debt</b>        |  |              |           |           |                               |            |
| Notes receivable from Parent Company | On December 29, 2023, the Group and its Parent Company executed a deed of assignment of land by way of dacion en pago.   | 36,000,000   | -         | -         | -                             | -          |
| Advances from Parent Company         | In the agreement, the Parent Company assigned nine parcels of land to the Group in satisfaction of P335,578,155 debt. The land is located in Bagac, Bataan with a total area of 383,999 sqm valued at P335,615,126. The agreement resulted in P36,971 gain (Note 14).  | 271,402,945  | -         | -         | -                             | -          |
| <b>Future stock subscription</b>     |  |              |           |           |                               |            |
| Parent Company                       | As discussed in Note 1.1, the Parent Company's Board of Directors (BOD) confirmed and ratified its previous resolution increasing the authorized capital stock of the Parent Company. Consequently, the Parent Company received P18,894,000 as deposit for future stock subscription.  | -            | -         | -         | 18,894,000                    | 18,894,000 |
|                                      | As discussed in Note 1.1, as at each report date, the resolution to increase the Parent Company's authorized capital stock is awaiting ratification by the stockholders and pending application with SEC, hence recorded as non-current liabilities.   |              |           |           |                               |            |
| <b>Leases</b>                        |  |              |           |           |                               |            |
| Parent Company                       | The Parent Company has a lease agreement with the Parent Company for the rent of its office space located at the 12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City. The lease term is for two years and is renewable under mutual agreement of both parties. Transactions during the year pertains to the actual lease payments made during the year. | 1,462,361    | 1,392,725 | 1,386,559 | -                             | -          |
|                                      | Amounts are payable in cash on a gross basis. These are unsecured, unguaranteed, non-interest bearing and due on demand.   |              |           |           |                               |            |

|                                    | Terms and conditions   | Transactions |           |           | Balances                  |      |
|------------------------------------|--|--------------|-----------|-----------|---------------------------|------|
|                                    |  | 2023         | 2022      | 2021      | Due from (due to)<br>2023 | 2022 |
| <b>Expense recharges</b>           |  |              |           |           |                           |      |
| Entities under common control      | These are recharges made by a related party for association dues and utilities taxes paid by the related party on behalf of the Group. These are billed at cost.<br><br>Amounts are payable in cash on a gross basis. These are unsecured, unguaranteed, non-interest bearing and due on demand.   | 358,442      | 251,781   | 277,296   | -                         | -    |
| <b>Key management compensation</b> |  |              |           |           |                           |      |
| Director's fees                    | Key management compensation of the Group consists of directors' fees. The Group does not have amounts receivables from/payables to key management personnel arising from the above agreement as at each reporting period. The Group does not have any regular employees. The accounting and management services are under the management of Philcomsat, its ultimate parent company. | 3,425,000    | 3,600,000 | 3,144,818 | -                         | -    |

The following related party transactions and balances were eliminated for the purpose of preparing the consolidated financial statements:

|                                 | 2023         | 2022       | 2021       |
|---------------------------------|--------------|------------|------------|
| As at December 31               |              |            |            |
| Investment in subsidiaries      | 29,305,002   | 29,305,002 | 29,305,002 |
| Due from (to) related parties   | (18,550,738) | -          | 638,517    |
| Dividends payable               | -            | -          | 600,000    |
| For the years ended December 31 |              |            |            |
| Dividend income                 | -            | 1,800,000  | 1,950,000  |
| Retainer fees                   | 215,340      | 180,000    | 180,000    |

## 17 Earnings per share

Basic/diluted earnings per share for the years ended December 31 as follows:

|   | 2023        | 2022        | 2021        |
|---|-------------|-------------|-------------|
| Profit for the year                           | 17,891,031  | 35,140,063  | 20,206,849  |
| Weighted average number of shares outstanding | 996,391,254 | 996,391,254 | 996,391,254 |
|   | 0.0180      | 0.0353      | 0.0203      |

## 18 Civil cases

An action was filed in the Sandiganbayan by a group claiming to be directors and officers of POTC and Philcomsat seeking to enjoin the present directors and officers of POTC and Philcomsat from representing themselves as directors and officers and representatives of the Parent Company. The Parent Company sought the dismissal of the complaint against it on the ground that it is not a real party-in-interest since the injunction being sought is not directed against it. The Sandiganbayan issued a decision dismissing the case. The group alleging that they are the POTC and Philcomsat board of directors, however, appealed the case with the Supreme Court (SC) on November 10, 2008. The SC consolidated this case with three other cases.

On July 3, 2013, the SC in GR Nos. 184622, 184712-14, 186066 and 186590 ruled in favor of the Bildner Group and declared the Bildner Group as the legitimate board of directors of the Parent Company. The July 3, 2013 Decision attained finality on October 23, 2013 when the SC issued a Resolution denying the Motions for Reconsideration filed by the opposing parties. On March 27, 2014, the July 23, 2013 Decision has become final and executory.

The Parent Company also filed cases for the recovery of advances made by former directors and officers of the Parent Company. These cases are now pending resolution with the Department of Justice (DOJ).

## 19 Litigation

The following cases were filed by the Parent Company to recover assets allegedly withdrawn or misappropriated by the former officers:

- Philippine Communications Satellite Corporation against Philcomsat Holdings Corp. (PHC and former directors), Luis Lokin Jr., Enrique Locsin and Philip Brodett (Locsin Group)

PHC, through the valid and incumbent directors (Bildner Group) filed a Motion for Issuance of Writ of Execution with the Regional Trial Court (RTC) of Makati Branch 138 as court of origin, following the final resolution of SC declaring the election of Locsin Group as PHC's officers and directors. Accordingly, the SC ordered the Locsin Group to render an accounting and return of funds allegedly received from the Parent Company. An Order granting the Motion was issued on February 20, 2017, resulting to the issuance of the Writ of Execution on February 28, 2017. On January 9, 2018, PHC filed a manifestation for the implementation of the Writ of Execution.

On February 9, 2018, an Order was issued directing PHC, within thirty (30) days from receipt, to submit its preferred accounting firm who will conduct the accounting of all funds and other assets received from POTC, PHC and Philcomsat since September 2004. On February 22, 2018, PHC filed its Ex-Parte Manifestation and Motion, in compliance with the said Order.

On July 11, 2018, the Sheriff of the Office of the Clerk of Court of Makati served the Writ of Execution to Manuel Andal, Benito Araneta, Philip Brodett, Enrique Locsin, Concepcion Poblador and Johnny Tan. On June 6, 2019, PHC filed an Ex-Parte Motion to Resolve the pending motion to appoint Virgilio R. Santos as the auditing accounting firm for the execution of the SC Decision dated July 3, 2013 issued in GR Nos. 184622, 184712-14, 186066 and 186590. There was a status conference held in this case on December 13, 2019 where the Court required the defendants to provide a name of their selected accountant to move forward with the audit. The defendants failed or refused again to comply, so the Court is likely to appoint Philcomsat's proposed accountant, Virgilio R. Santos, to do the audit. On May 18, 2022, Philcomsat filed an Ex-Parte Motion to Resolve praying that an Order be issued allowing VRS to commence the accounting of corporate funds received, utilized and disbursed by all the defendants and their assigns, which the Court granted in its Order of June 3, 2022. However, VRS has already retired. The issue of who would render the audit remains unsolved.

On May 2, 2017, the Presidential Commission on Good Government (PCGG) and Locsin filed with the Court of Appeals (CA) a Petition for Certiorari and Prohibition with Very Urgent Prayer for Issuance of Temporary Restraining Order and/or Writ of Preliminary Injunction assailing the Order dated February 20, 2017 issued by the RTC. On January 30, 2018, the CA issued a Decision dismissing the Petition. On February 22, 2018, PCGG and Locsin filed their Motion for Reconsideration with Motion to Exclude the PCGG from the instant Petition, which are both denied in a Resolution dated June 27, 2018.

On August 8, 2018, PCGG filed its Motion for Reconsideration on the denial of its Motion for Exclusion. On October 29, 2018, Philcomsat filed its Opposition thereto.

Meanwhile, PCGG and Locsin filed a Petition for Review with the Supreme Court (SC) questioning the Decision issued by the CA dated January 30, 2018, which dismissed their Appeal. Philcomsat filed its comment thereto on November 6, 2018. PCGG filed its Reply on February 17, 2020.

Separately, Brodett filed his Petition for Certiorari under Rule 65 with the CA assailing the Order issued by the RTC, which denied his Motion for Clarification on the issue of rendering an accounting of the funds. The CA denied his Petition on the ground that clarification may only be allowed if the order involves a clerical error but not when it is an alleged erroneous judgment or dispositive portion of the decision. Since Brodett's Motion for Clarification was raised questioning the grant of a writ of execution, the CA held that it cannot be subject of a motion for clarification.

On December 15, 2017, the CA's dismissal was issued and the case was considered terminated. Brodett still filed his Motion for Reconsideration, which was denied on May 10, 2018. Brodett elevated the matter to the SC via Petition for Review but the SC denied the same in a Resolution dated August 29, 2018.

On December 7, 2022, the Court issued a Resolution requiring the parties to file their respective memoranda. Philcomsat filed its Memorandum on March 10, 2023.

- Complaint for collection against Araneta and Lokin

On May 26, 2010, a complaint for collection of sum of money and damages, with an application for a Writ of Preliminary Attachment dated May 24, 2010 was filed by the Parent Company against Benito Araneta and Luis Lokin Jr., former directors of the Parent Company for an alleged personal back to back loans with Bankwise procured by Araneta using the Parent Company's funds as collateral, with the help of Lokin, in the amount of P35.3 million.

On February 2, 2017, a Decision was issued finding Araneta and Lokin liable to pay PHC: a) actual damages in the sum of P31.5 million plus legal interest of 6% computed from May 26, 2010, the time of judicial demand until fully paid; b) P200,000 as and by way of exemplary damages; and c) P200,000 as and by way of attorney's fees, plus costs of suit.

Araneta and Lokin filed their Notices of Appeal on September 6 and September 8, 2017, respectively. On January 16, 2018, the Court of Appeals (CA) required defendants to file Appellant's Brief within 45 days from receipt thereof. On April 20, 2018 and May 7, 2018, PHC received Lokin and Araneta's Appellant's Briefs, respectively. On June 5, 2018, PHC filed its Appellee's Brief.

On September 18, 2018, PHC filed a Compliance submitting proof of service of its Appellee's Brief to defendants in accordance with the CA's Resolution dated July 2, 2018. On April 25, 2019, the CA issued a Decision granting Araneta's appeal.

On May 30, 2019, PHC filed its Motion for Reconsideration of the said Decision. On July 11, 2019, Araneta filed his Comment thereto, in accordance with the Resolution dated June 6, 2019 issued by the CA to file the same.

On October 24, 2019, the Court of Appeal issued a Resolution denying PHC's Motion for Reconsideration. On November 26, 2019, PHC elevated the case to the Supreme Court via Petition for Review on Certiorari under Rule 45. On March 9, 2020, Araneta filed his Comment.

- Criminal complaint against Brodett and Bankwise Officers using spurious bank accounts for company's deposits

On May 8, 2008, the Parent Company filed a criminal complaint for estafa for misappropriation of corporate funds against Brodett, a former director of the Parent Company, and certain officers of Bankwise. The complaint alleged that the unauthorized deposits, withdrawals and transfers of the Parent Company's funds in the amount of P66.8 million was processed through spurious bank accounts and involved the comingling and transfer of funds between the Parent Company's accounts and certain personal accounts.

On June 14, 2016, an Order was issued allowing Brodett to present his defense only with respect to the P27.0 million and P9.3 million which allegedly came from PHC funds and not in the whole amount of P66.8 million. On July 1, 2016, a Motion for Reconsideration of the said Order was filed by the Private Prosecutor (Parent Company).

On August 30, 2016, the Private Prosecutor (Parent Company) filed a Reply to Brodett's Comment/Opposition dated August 25, 2016. After the presentation of defense evidence has already been concluded on June 5, 2018, the accused filed their Formal Offer of Evidence, which was partially admitted by the Court on August 28, 2018.

On February 21, 2020, the Court promulgated its judgment finding accused Brodett guilty for the crime of theft, sentencing him to the penalty of imprisonment for a minimum period of four (4) years, two (2) months, one (1) day, to a maximum period of sixteen (16) years and 4 months. He was also found civilly liable to pay PHC the amount of P14,235,700, with legal interest of 12% per annum from April 11, 2008 until June 30, 2013 and the total obligation plus 6% legal interest from July 1, 2013 until fully paid.

On March 3, 2020, Brodett filed his Motion for Partial Reconsideration of the Decision. On July 1, 2020, PHC filed its Consolidated Comment/Opposition thereto. In ruling Brodett's Motion for Reconsideration, the Court again promulgated the case on December 2, 2020 and affirmed Brodett's conviction. He then filed an appeal on December 3, 2020.

- Criminal complaint against Araneta for non-return of PHC deposits

A criminal complaint for estafa was filed against Araneta for money market placements amounting to P65.0 million which allegedly were not returned to the Parent Company. The case was dismissed on February 9, 2009 for lack of probable cause. The appeal filed on March 4, 2009 is still pending decision with the DOJ as at report date.

- Criminal complaint against Concepcion A. Poblador

A criminal complaint for estafa was filed against Ms. Poblador for allegedly receiving cash advances amounting to P14.5 million, which she failed to account for and return to the Parent Company after formal demands. On February 9, 2009, the DOJ issued a Resolution directing the filing of an information against Ms. Poblador only for P0.2 million.

On January 7, 2014, the Parent Company filed a Petition for Certiorari praying that the DOJ file new information against Ms. Poblador for estafa for the total amount of P16.7 million.

On January 10, 2014, the Parent Company received a Petition for Certiorari filed by Ms. Poblador seeking the reversal of the Resolution directing the filing of an Information for estafa against her for P0.2 million. On August 29, 2014, the two petitions were consolidated.

On April 26, 2017, subsequent to the filing of the parties' respective Memoranda, the CA issued a Resolution requiring Ms. Poblador to file a Rejoinder to the Parent Company's Reply (to the Memorandum of Poblador). In the meantime, the case was returned to "Completion State" pending the filing of the Rejoinder. Poblador filed her Rejoinder on June 1, 2017 under a Motion to Admit Attached Rejoinder.

On November 29, 2017, Poblador filed a Manifestation adopting her previous Memorandum dated December 22, 2014 as her compliance with the Resolution dated October 11, 2017. The Office of the Solicitor General filed a Manifestation and Motion on November 24, 2017 asking that the DOJ Secretary be excused from filing a Memorandum. Based on the Resolution of the Court requiring the parties anew to file their respective Memorandum, PHC's (2nd) Memorandum was filed on December 13, 2017, within the extended period prayed for.

On June 14, 2019, the CA issued a Decision denying both PHC's and Ms. Poblador's Petitions for Certiorari. On July 5 and 11, 2019, both parties filed their respective Motions for Reconsideration. On July 24, 2019, PHC filed its Comment to Ms. Poblador's Motion for Reconsideration. On August 10, 2020, the CA issued a Resolution denying PHC and Ms. Poblador's Motions for Reconsideration. PHC decided not to pursue the case with the Supreme Court considering that the amount involved is already covered by the advances to affiliates case.

On November 3, 2020, Poblador filed her Petition for Review with the Supreme Court.

The Group is also involved in other litigations, claims and disputes which are normal to its business. Management believes that the ultimate liability, if any, with respect to these litigations, claims and disputes will not materially affect the financial position and financial performance of the Group.

## **20 Critical accounting estimates, assumptions, and judgments**

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

### *(a) Critical accounting estimates and assumptions*

- Provision of impairment of receivables and due from related parties (Notes 3 and 16)
- Fair value of financial instruments (Note 6)
- Determining the incremental borrowing rate for leases (Note 10)

(b) *Critical accounting judgments in applying the Group's accounting policies*

- Recoverability of due from related parties (Note 16)
- Recoverability of input VAT and tax credits (Notes 5)
- Recoverability of investment properties, and property and equipment (Note 7)
- Determining the lease term (Note 10)

## 21 Financial risk management and capital management

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Financial risk management is carried out by management under the direction of the Parent Company's BOD. Management identifies and evaluates financial risks in close cooperation with the Group's department heads. The Parent Company's BOD reviews and approves policies and procedures covering specific financial risk areas. These policies and procedures enable the Group's management to make strategic and informed decisions with regard to the operations of the Group.

The most important types of risk the Group manages are credit risk, market risk and liquidity risk. Market risk includes foreign exchange, interest and price risks. The Group has no significant financial assets and liabilities that are exposed to foreign exchange and interest risk.

### *Components of financial assets and liabilities*

Details of the Group's financial assets as at December 31 are as follows:

|   | Notes | 2023          | 2022          |
|---|-------|---------------|---------------|
| Financial assets measured at amortized cost |       |               |               |
| Cash and cash equivalents                   | 2     | 119,750,672   | 77,346,117    |
| Receivables                                 | 3     | 119,371,493   | 179,052,332   |
| Due from related parties                    | 16    | 6,938,183     | 264,773,649   |
| Financial assets at FVPL                    |       | 131,104       | 102,184       |
| Financial assets at FVOCI                   | 6     | 912,363,316   | 950,613,288   |
|   |       | 1,158,554,768 | 1,471,887,570 |

Other current assets consist of advances subject for liquidation, hence not considered as financial assets.

Other non-current assets consist of CWT and input VAT which not considered as financial assets since they do not arise from contractual arrangements.

Details of the Group's financial liabilities as at December 31 are as follows:

|                                       | Notes | 2023       | 2022       |
|---------------------------------------|-------|------------|------------|
| Trade payables                        | 9     | 3,624,129  | 2,631,274  |
| Lease liability                       | 10    | 2,131,772  | 257,209    |
| Dividends payable                     |       | 5,184,637  | 8,972,507  |
| Due to a related party                | 16    | 28,344,614 | -          |
| Deposit for future stock subscription | 16    | 18,894,000 | 18,894,000 |
|                                       |       | 58,179,152 | 30,754,990 |

Other payables consisting of customer deposits and statutory payables not arising from contractual arrangements are not considered as financial liabilities.

### *Credit risk*

Credit risk refers to the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation.

The Group enters into contracts only with recognized, credit-worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group obtains guarantees where appropriate to mitigate credit risk.

Credit risk arises from cash deposits with banks and financial institutions, as well as credit exposure on receivables and amounts due from a related party.

There is no significant concentration of credit risk, whether through exposure to individual counterparties or specific industry sectors.

The maximum exposure to credit risk for the Group's financial assets are as follows:

|   | Gross carrying amount | Net carrying amount | Internal credit rating | Basis for recognition of ECL |
|---|-----------------------|---------------------|------------------------|------------------------------|
| <b><u>December 31, 2023</u></b>         |                       |                     |                        |                              |
| Cash in banks and short-term placements | 119,739,572           | 119,739,572         | Performing             | 12-month ECL                 |
| Receivable                              |                       |                     |                        |                              |
| Group 1                                 | 119,371,493           | 119,371,493         | Performing             | 12-month ECL                 |
| Group 2                                 | 2,057,317             | -                   | Impaired               | Full provision               |
| Due from related parties                | 6,938,183             | 6,938,183           | Performing             | 12-month ECL                 |
| Financial assets at FVPL                | 131,104               | 131,104             | Performing             | Not applicable               |
| Financial assets at FVOCI               | 912,363,316           | 912,363,316         | Performing             | Not applicable               |
|   | 1,160,600,985         | 1,158,543,668       |                        |                              |
| <b><u>December 31, 2022</u></b>         |                       |                     |                        |                              |
| Cash in banks and short-term placements | 77,335,965            | 77,335,965          | Performing             | 12-month ECL                 |
| Receivables                             |                       |                     |                        |                              |
| Group 1                                 | 179,052,332           | 179,052,332         | Performing             | 12-month ECL                 |
| Group 2                                 | 28,397                | -                   | Impaired               | Full provision               |
| Due from related parties                | 264,773,649           | 264,773,649         | Performing             | 12-month ECL                 |
| Financial assets at FVPL                | 102,184               | 102,184             | Performing             | Not applicable               |
| Financial assets at FVOCI               | 950,613,288           | 950,613,288         | Performing             | Not applicable               |
|   | 1,471,905,815         | 1,471,877,418       |                        |                              |

Generally, receivables are written-off if collection cannot be made despite exhausting all extrajudicial and legal means of collection. The maximum exposure to credit risk at reporting date is the carrying value of the financial assets. The Group does not hold collateral as security.

#### *Cash and cash equivalents*

The Group has policies that limit the amount of credit exposure with financial institutions. Management assessed that all of the Group's cash in bank are deposited with a well-capitalized financial institution and a reputable universal bank with strong financial standing. While cash on hand is also subject to requirements of PFRS 9, the expected credit loss is deemed immaterial.

#### *Receivables*

The Group's outstanding receivables from corporate notes and its related interest. The Group does not expect significant credit exposure on this receivable considering that these are short-term investments in promissory notes of reputable and listed institutions with good credit rating.

Credit quality of customers are classified as follows:

Group 1 - Customer and counterparty balances without history of default and assessed to be fully recoverable.

Group 2 - Individually assessed customer with defaults and which the Group no longer expects to recover the balance despite its collection efforts.

#### *Due from related parties*

Due from related parties arising from advances are collectible within 12 months. Expected credit losses are based on the assumption that repayment of balances outstanding will not be compromised considering these are receivables from entities under common control with no history of default.

Based on assessment of qualitative and quantitative factors that are indicative of the risk of default, including but not limited to, availability of accessible highly liquid asset and internal and external funding of a related party, Group has assessed that the outstanding balances are exposed to low credit risk. Expected credit losses on these balances have therefore been assessed to be insignificant.

None of the fully performing financial assets have been renegotiated during each of the reporting periods.

#### ***Liquidity risk***

The Group manages liquidity risk by maintaining sufficient cash to meet the Group's operational commitment and finance its operation and working capital requirements.

Prudent liquidity risk management implies maintaining sufficient cash, timely collection of receivables and availability of funding through an adequate amount of facilities. The Group aims to maintain flexibility in funding by keeping track of its cash collections from dividends. The Group may also obtain funding from its shareholders, as well from third-party banking institutions, as necessary, to finance its operations and working capital requirements.

The table below summarizes the undiscounted profile of the Group's financial liabilities based on contractual payments:

|                                       | Less than 12 months | More than 1 year | Total      |
|---------------------------------------|---------------------|------------------|------------|
| <i>At December 31, 2023</i>           |                     |                  |            |
| Trade and other payables              | 3,624,129           | -                | 3,624,129  |
| Lease liability, gross                | 1,943,584           | 272,070          | 2,215,654  |
| Dividends payable                     | 5,184,637           | -                | 5,184,637  |
| Due to a related party                | 28,344,614          | -                | 28,344,614 |
| Deposit for future stock subscription | 18,894,000          | -                | 18,894,000 |
|                                       | 57,990,964          | 272,070          | 58,263,034 |
| <i>At December 31, 2022</i>           |                     |                  |            |
| Trade and other payables              | 2,631,274           | -                | 2,631,274  |
| Lease liability, gross                | 257,209             | -                | 257,209    |
| Dividends payable                     | 8,972,507           | -                | 8,972,507  |
| Deposit for future stock subscription | 18,894,000          | -                | 18,894,000 |
|                                       | 30,754,990          | -                | 30,754,990 |

#### **Market risk**

##### *Price risk*

Equity price risk is the risk that the fair values of equity instruments recognized under financial assets at FVOCI decrease as the result of changes in the levels of equity indices and the value of individual stocks. The Group is exposed to equity securities price risk because of the Group's investments in financial assets at FVPL and financial assets at FVOCI which consist primarily of investment in listed and traded securities.

The Group measures the sensitivity of its investment securities by using PSE index (PSEi) fluctuations. The table below sets forth the impact of changes in PSEi in other comprehensive income for each of the periods ended December 31:

|      | Increase (decrease) in PSEI | Increase (decrease) in other comprehensive income |
|------|-----------------------------|---|
| 2023 | 11%<br>(7%)                 | 19,313,028<br>(13,377,391)                        |
| 2022 | 15%<br>(13%)                | 33,841,175<br>(29,765,729)                        |
| 2021 | 1%<br>(16%)                 | 3,857,296<br>42,122,764                           |

The sensitivity of the equity is the effect of the assumed changes in the PSEi on the net unrealized gain (loss) for the year, based on the adjusted beta rate of equity securities as at each reporting period. The reasonable possible changes in the market price of investments were determined based on Group's analysis of the movement in share prices for the next 30 days from the close of the financial year.

#### *Foreign currency exchange risk*

The Group is exposed to foreign currency exchange risk arising from currency exposures, primarily with respect to the US Dollar. Foreign currency exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Parent Company's functional currency.

The Group's foreign-currency denominated financial instrument as at December 31, 2023 consists of cash in banks and cash equivalents totaling US\$586,634 (2022 - US\$111,360). The Group's exposure to foreign currency risk is insignificant.

#### *Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. As at each reporting period, the Group has repriceable financial assets, specifically investments in quoted bonds classified as financial assets at FVOCI. Accordingly, the Group is subject to fair value interest rate risk.

The Group measures the sensitivity of its investment securities by using PHP BVAL reference rate fluctuations. The table below sets forth the impact of changes in PHP BVAL in the Group's other comprehensive income for each of the periods ended December 31:

|      | Increase (decrease) in PHP BVAL | Increase (decrease) in other comprehensive income |
|------|---------------------------------|---|
| 2023 | 14%<br>(5%)                     | 81,643,390<br>(28,957,310)                        |
| 2022 | 9%<br>(42%)                     | 53,969,615<br>(239,401,184)                       |
| 2021 | 6%<br>(40%)                     | 38,673,770<br>258,702,901                         |

## **Capital risk management**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders and obtain borrowings from banks or to related party.

The capital that the Group manages is the total equity as shown in the statements of financial position.

The Group is not subject to any externally imposed capital requirements.

## **Fair value estimation**

As at each reporting period, the carrying amounts of the Group's financial assets and liabilities, other than those already disclosed in the preceding paragraphs, reasonably approximate their fair values due to the short-term nature of these financial instruments.

The different levels in the fair value hierarchy have been defined in Note 22.2. There were no transfers between Levels 1, 2 and 3 during each of the reporting periods.

## **22 Summary of material accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

### **22.1 Basis of preparation**

These consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and adopted by the SEC.

These consolidated financial statements have been prepared under the historical cost convention, except for the measurement of financial assets at FVPL and FVOCI, and assets held for sale.

The preparation of consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are summarized in Note 20.

### **Changes in accounting policies and disclosures**

#### **(a) New and amended standards adopted by the Group**

The Group has applied the following amendments for the first time for the year beginning January 1, 2023 but did not have significant impact to the Group's consolidated financial statements:

- PAS 1: Classification of Liabilities as Current or Non-current

The narrow-scope amendments clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant). The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The amendment did not have a significant impact on the Group's consolidated financial statements.

- PAS 1 and PFRS Practice Statement 2: Disclosure of Accounting Policies

The amendments require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The amendment did not have a significant impact on the Group's consolidated financial statements.

- PAS 8: Definition of Accounting Estimates

The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The amendment did not have a significant impact on the Group's consolidated financial statements.

- PAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets.

The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate. PAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The amendment did not have a significant impact on the Group's consolidated financial statements.

(b) New standards, amendments and interpretations not yet adopted

There are no standards, amendments and interpretations which are effective for the financial year beginning after January 1, 2023 that are relevant to and have a material impact on the Group's consolidated financial statements.

## **22.2 Financial assets**

### *Classification*

The Group classifies its financial assets in the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through profit or loss (FVPL), and (c) financial assets at fair value through other comprehensive income (FVOCI). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

### *Financial assets at amortized cost*

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

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

The Group's financial assets at amortized cost comprise of cash, receivables, and due from a related party.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months at the end of the reporting period.

#### *Financial assets at FVPL*

Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition as at FVPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Fair value gains or losses on investments held for trading net of interest income accrued on these assets, are recognized in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as financial assets at FVPL, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited. Financial assets may be designated by management on initial recognition as at FVPL, if any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains and losses on them on a different basis; or
- The assets are part of group of financial assets, liabilities or both which are managed and their performance evaluated on fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative that would need to be separately recorded.

#### *Financial assets at FVOCI*

Financial assets at fair value through other comprehensive income (FVOCI) comprise equity security which is not held for trading, and which the Group has irrevocably elected at initial recognition to recognize in this category. This is a strategic investment and the Group considers this classification to be more relevant. On disposal of this equity investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

As at each reporting period, investments in shares of stocks of various listed corporations, UITFs, traded bonds and club memberships are designated as financial assets at FVOCI.

#### *Recognition and measurement*

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

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs.

#### *Derecognition*

The basic premise for the derecognition model is to determine whether the asset under consideration for derecognition is:

- an asset in its entirety or
- specifically identified cash flows from an asset (or a group of similar financial assets) or
- a fully proportionate (pro rata) share of the cash flows from an asset (or a group of similar financial assets) or
- a fully proportionate (pro rata) share of specifically identified cash flows from a financial asset (or a group of similar financial assets).

Once the asset under consideration for derecognition has been determined, an assessment is made as to whether the asset has been transferred, and if so, whether the transfer of that asset is subsequently eligible for derecognition.

An asset is transferred if either the entity has transferred the contractual rights to receive the cash flows, or the entity has retained the contractual rights to receive the cash flows from the asset, but has assumed a contractual obligation to pass those cash flows on under an arrangement that meets the following conditions:

- the Group has no obligation to pay amounts to the eventual recipient unless it collects equivalent amounts on the original asset;
- the Group is prohibited from selling or pledging the original asset (other than as security to the eventual recipient); and
- the Group has an obligation to remit those cash flows without material delay.

Once the Group has determined that the asset has been transferred, it then determines whether or not it has transferred substantially all of the risks and rewards of ownership of the asset. If substantially all the risks and rewards have been transferred, the asset is derecognized. If substantially all the risks and rewards have been retained, derecognition of the asset is precluded.

If the Group has neither retained nor transferred substantially all of the risks and rewards of the asset, then the Group must assess whether it has relinquished control of the asset or not. If the Group does not control the asset then derecognition is appropriate; however, if the Group has retained control of the asset, then the Group continues to recognize the asset to the extent to which it has a continuing involvement in the asset.

#### *Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Impairment losses are presented as part of cost and expenses in the statement of comprehensive income.

With the exception of purchased or originated credit impaired financial assets, expected credit losses are required to be measured through a loss allowance at an amount equal to:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

##### *(i) Simplified approach*

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

##### *(ii) General approach*

The Group applies the general approach to provide for ECLs on cash in banks, interest receivable, and due from a related party. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 360 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

#### *Measurement of ECLs*

The measurement of expected credit losses is a function of the probability of default (PD), loss given default (LGD) (i.e., the magnitude of the loss if there is a default) and the exposure at default (EAD). The assessment of the PD and LGD is based on historical data adjusted by forward-looking information as described above. As for the EAD, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

#### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as actual default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

#### *Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### *Derecognition*

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognized directly in profit or loss.

#### *Financial assets at FVOCI*

In the case of equity investments classified as financial assets carried at FVOCI, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. When a decline in the fair value of a financial assets carried at FVOCI has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized in other comprehensive income is removed directly from equity with no option to recycle to profit or loss. Impairment losses recognized in profit or loss for an investment on equity instrument classified as financial assets at fair value through other comprehensive income are not reversed through profit or loss.

In the case of debt instruments classified as financial assets carried at FVOCI, movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the profit or loss.

## 22.3 Consolidation

The consolidated financial statements comprise the consolidated financial statements of the Group as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023. For consolidation purposes, the subsidiaries' financial statements are prepared as at the same reporting year as that of the Parent Company. The Group uses uniform accounting policies. Details of principal subsidiaries are shown in Note 1.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company do not differ from the proportion of ordinary shares held.

### (a) Subsidiaries

Subsidiaries are all entities over which the Parent Company has control. The Parent Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Parent Company. They are deconsolidated from the date that control ceases.

The Parent Company applies the acquisition method to account for business combinations for acquired entities that are not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Parent Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Parent Company recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Parent Company is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is deemed to be an equity instrument is not re-measured, and its subsequent settlement is not accounted for within equity.

Inter-Group transactions, balances and income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-Group transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Parent Company.

Business combinations under common control are accounted for using the predecessor cost method. Under this method, the Group does not restate the acquired businesses or assets and liabilities to their fair values. The net assets of the combining entities or businesses are combined using the carrying amounts of assets and liabilities of the acquired entity. No amount is recognized in consideration for goodwill or the excess of acquirer's interest in the net fair value of acquired identifiable assets, liabilities, and contingent liabilities over their cost at the time of the common control combination. The financial statements incorporated the net assets and results of operations of the combining entities or businesses as if they had always been combined or from the date when combining entities or business first became under common control, whichever period is shorter.

The difference between the consideration given and the aggregate book value of the assets and liabilities acquired as of the date of the transaction are included in "other equity charges" account within equity.

*(b) Disposal of subsidiaries*

When the Parent Company ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture, or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Parent Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

The Parent Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Parent Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Parent Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Dilution gains and losses arising in investments in associates are recognized in profit or loss. Unrealized gains on transactions between the Parent Company and its associates are eliminated to the extent of the Parent Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Parent Company.

*(c) Deposit for future stock subscription*

Deposit for future stock subscription represents fund paid by the Parent Company with the intention to apply the same as payment for additional issuance of common share to increase its interest in the investee company.

## **22.4 Financial liabilities**

*Classification and presentation*

The Group classifies its financial liabilities in the following categories: (i) financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value) and (ii) financial liabilities at amortized cost. The classification depends on the purpose for which the financial liabilities were incurred. Management determines the classification of its financial liabilities at initial recognition.

The Group did not hold financial liabilities at fair value through profit or loss during and at the end of each reporting period.

The Group's financial liabilities at amortized cost consist mainly of trade payables and other liabilities (excluding customer deposits and statutory payables) and lease liabilities.

*Initial recognition and subsequent measurement*

The Group's financial liabilities at amortized cost are initially measured at fair value plus transaction costs. Subsequently, these are measured at amortized cost using the effective interest method.

Interest expense on financial liabilities is recognized within finance cost, at gross amount, in the statements of total comprehensive income.

*Derecognition*

Financial liabilities are derecognized when extinguished, that is, when the obligation specified in a contract is discharged or cancelled or when the obligation expires.

## **22.5 Determination of fair value**

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 Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on Group specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

For assets that are recognized on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing 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.

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 fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

Details of the Group's fair value measurement for the financial assets at FVOCI and investment properties are disclosed in Note 6 and Note 7, respectively.

## **22.6 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

## **22.7 Cash and cash equivalents**

Short-term placements are presented as cash equivalents if they have a maturity of three months or less and are carried in the statement of financial position at face amount or at nominal amount, which approximates its amortized cost using the effective interest method.

## **22.8 Assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the noncurrent asset is recognized at the date of derecognition.

Non-current assets are not depreciated or amortized while they are classified as held for sale.

## **22.9 Investment properties**

Investment properties is defined as a property, mainly land, held for the purposes of earning rentals, for capital appreciation or both. This property is not held to be used in production or sale in the ordinary course of business. Investment property is initially measured at acquisition cost. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured, in which case, the investment property acquired is measured at the carrying amount of asset given up. Investment properties are subsequently carried at cost less accumulated depreciation and any accumulated impairment.

Land is not depreciated.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

## **22.10 Property and equipment**

Property and equipment is subsequently measured at cost. Depreciation is calculated using the straight-line method to allocate the cost of each asset, net of their residual values, over their estimated useful lives as follows:

|   | Number of Years |
|---|-----------------|
| Office equipment and office improvement | 3               |
| Transportation equipment                | 3-5             |
| Furniture and fixtures                  | 3               |

The useful lives of each of the property and equipment are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice and experience with similar assets. The property and equipment's useful lives and depreciation and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

## **22.11 Impairment of non-financial assets**

Non-financial assets, mainly property and equipment and investment in a subsidiary, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses, if any, are recognized in profit or loss. Non-financial assets that have been impaired are reviewed for possible reversal of impairment at each reporting period.

## 22.12 Revenue recognition

### *Dividend income*

Dividend income from a subsidiary is recognized when the right to receive dividend is established usually upon declaration by the BOD.

### *Interest income*

Interest income on bank deposits, which is presented net of final withholding tax, is recognized on a time proportion basis using the effective interest rate method.

### *Retainer income*

Retainer pertains to monthly retainer fees earned by PSTI being a stock transfer agent, and is recognized overtime.

### *Other income*

All other income is recognized when earned or when the right to receive payment is established.

## 22.13 Leases

The Group assesses whether the contracts are, or contain, a lease. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

- i. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- ii. the right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Group also assesses whether a contract contains a lease for each potential separate lease component.

### The Group as a lessee

At the commencement date, the Group recognizes ROU asset and lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

After the commencement date, the ROU asset is carried at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the related lease liability. The ROU asset is amortized over the lease term.

At the commencement date, the Group measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

## **22.14 Related party relationships and transactions**

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

## **22.15 Income taxes**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

## **22.16 Foreign currency transactions and translation**

### *Functional and presentation currency*

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the “functional currency”). These financial statements are prepared in Philippine Peso, which is the Parent Company’s functional and presentation currency.

### *Transactions and balances*

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

## **22.17 Subsequent events**

Post year-end events that provide additional information about the Group's position at the financial reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

## 23 Operating segment information

The Group is organized into operating segments based on the type of product or service. The Group's reportable operating segments relates to investing funds, management services and stock transfer agency.

The disaggregated revenue, as disclosed in Note 12, was assigned to the operating segments as follows:

| Revenue as disaggregated                  | Operating segment     |
|---|-----------------------|
| Interest income                           | Investing funds       |
| Dividend income                           | Investing funds       |
| Rent income                               | Investing funds       |
| Service fees                              | Management services   |
| Retainer fee                              | Stock transfer agency |
| Stock transfer fee                        | Stock transfer agency |
| Other service fee                         | Stock transfer agency |
| Gain on sale of financial assets at FVOCI | Investing funds       |
| Gain on sale of investment property       | Investing funds       |

All of the assets relating to the Group's operating segments are located in the Philippines. Accordingly, reporting operating segments per geographical business operation is not required.

Segment assets, liabilities and revenue and expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and expenses are consistent with that presented in the consolidated statements of comprehensive income.

Significant information of the Group's reportable segments is as follows:

| 2023                     | Segment         |                     |                       | Total         |
|--------------------------|-----------------|---------------------|-----------------------|---------------|
|                          | Investing funds | Management services | Stock transfer agency |               |
| Segment revenue          | 47,175,500      | -                   | 8,773,053             | 55,948,553    |
| Segment profit           | 48,537,820      | -                   | 5,227,039             | 53,764,859    |
| Depreciation             | 1,424,800       | -                   | 403,753               | 1,828,553     |
| Provision for income tax | (1,335,734)     | (26,586)            | 460,790               | (901,530)     |
| Total assets             | 1,481,824,071   | 31,078,116          | 6,836,935             | 1,519,739,122 |
| Total liabilities        | 60,095,073      | 78,682              | 1,110,438             | 61,284,193    |
| 2022                     | Segment         |                     |                       | Total         |
|                          | Investing funds | Management services | Stock transfer agency |               |
| Segment revenue          | 54,103,307      | -                   | 9,432,972             | 63,536,279    |
| Segment profit           | 30,010,571      | -                   | 5,129,492             | 35,140,063    |
| Depreciation             | 1,341,501       | -                   | 402,615               | 1,744,116     |
| Provision for income tax | 869,136         | 189,753             | 484,286               | 1,543,175     |
| Total assets             | 1,443,732,608   | 34,118,015          | 4,083,952             | 1,481,934,575 |
| Total liabilities        | 34,289,996      | 1,620               | 563,326               | 34,854,942    |
| 2021                     | Segment         |                     |                       | Total         |
|                          | Investing funds | Management services | Stock transfer agency |               |
| Segment revenue          | 48,204,107      | -                   | 9,076,693             | 57,280,800    |
| Segment profit           | 18,023,019      | -                   | 2,183,830             | 20,206,849    |
| Depreciation             | 1,347,966       | -                   | 369,809               | 1,717,775     |
| Provision for income tax | 880,598         | 145,535             | 496,305               | 1,522,438     |
| Total assets             | 1,504,231,726   | 32,781,914          | 5,179,755             | 1,542,193,395 |
| Total liabilities        | 25,049,655      | 4,588,122           | 982,929               | 30,620,706    |

Capital expenditures for the year ended December 31, 2023 attributable to the investing funds segment amounted to P21,863 (2022 - P26,518; 2021 - P63,562)

**Philcomsat Holdings Corporation and Subsidiaries**

**Schedule A. Financial assets**  
December 31, 2023

| <u>Name of issuing entity and association of each issue</u>      | <u>Number of shares or principal amounts of bonds and notes</u> | <u>Amount shown in statement of financial position</u> | <u>Value based on market quotations at end or reporting period</u> | <u>Income received and accrued</u> |
|--|---|--|--|------------------------------------|
| <i>Notes and loans receivable</i>                                |   |  |  |                                    |
| <i>Promissory notes issued by various financial institutions</i> |   |  |  |                                    |
| Philippine Commercial Capital, Inc.                              | 34,000,000  | 34,000,000   | 34,000,000   |                                    |
| <i>Corporate notes</i>   |   |  |  |                                    |
| Montemar Beach Club Inc.   | 56,805,002  | 56,805,002   | 56,805,002   |                                    |
| HMR Philippines, Inc.  | 18,719,765  | 18,719,765   | 18,719,765   |                                    |
| Elite Defense Security Services, Inc.                            | 1,600,000   | 1,600,000  | 1,600,000  |                                    |
|  | 111,124,767   | 111,124,767  | 111,124,767  | 6,769,522                          |
| <i>Financial assets at FVPL</i>                                  |   |  |  |                                    |
| Bank of the Philippine Islands                                   | 1,205   | 131,104  | 131,104  | 1,042                              |
| <i>Financial assets at FVOCI</i>                                 |   |  |  |                                    |
| <i>Investments in quoted bonds</i>                               |   |  |  |                                    |
| Aboitiz Equity Ventures, Inc.                                    | 3,298,617   | 3,298,617  | 3,298,617  |                                    |
| Aboitiz Power Corporation  | 4,451,023   | 4,451,023  | 4,451,023  |                                    |
| Alsons Consolidated Commercial Paper                             | 2,009,814   | 2,009,814  | 2,009,814  |                                    |
| Ayala Corporation  | 7,148,884   | 7,148,884  | 7,148,884  |                                    |
| Ayala Land, Inc.   | 42,443,148  | 42,443,148   | 42,443,148   |                                    |
| Bank of the Philippine Islands                                   | 10,000,000  | 10,000,000   | 10,000,000   |                                    |
| BDO - Trust & Investments Group Managed Bonds                    | 158,379,880   | 158,379,880  | 158,379,880  |                                    |
| BDO Private Bank Managed Bonds                                   | 94,825,062  | 94,825,062   | 94,825,062   |                                    |
| China Bank Bonds   | 5,004,165   | 5,004,165  | 5,004,165  |                                    |
| Cyberzone Properties, Inc.                                       | -   | -  | -  |                                    |
| Development Bank of the Philippines                              | 3,500,000   | 3,500,000  | 3,500,000  |                                    |
| Doubledragon Properties Corp.                                    | 16,394,716  | 16,394,716   | 16,394,716   |                                    |

**Philcomsat Holdings Corporation and Subsidiaries**

**Schedule A. Financial assets (continuation)**  
**December 31, 2023**

| Name of issuing entity and association of each issue | Number of shares or principal amounts of bonds and notes | Amount shown in statement of financial position | Value based on market quotations at end or reporting period | Income received and accrued |
|--|--|---|---|-----------------------------|
| Energy Development Corporation                       | 1,000,000  | 913,155   | 913,155   |                             |
| EW Peso Intermediate Term Bond Fund                  | 15,904,963   | 15,904,963                                      | 15,904,963  |                             |
| Filinvest Land Inc.                                  | -  |   |   | -                           |
| Fixed Rate Treasury Note                             | 135,443  | 135,443   | 135,443   |                             |
| Global Power Holdings                                | -  |   |   | -                           |
| Megawide Construction Corporation                    | 2,000,000  | 2,000,000                                       | 2,000,000   |                             |
| Megaworld Corporation                                | 4,972,506  | 4,972,506                                       | 4,972,506   |                             |
| Metropolitan Bank & Trust Company                    | 16,126,869   | 16,126,869                                      | 16,126,869  |                             |
| Philam Bond Fund                                     | 9,924,847  | 9,924,847                                       | 9,924,847   |                             |
| Phinma Corporation                                   | 3,000,000  | 3,000,000                                       | 3,000,000   |                             |
| Retail Treasury Bonds                                | 37,100,229   | 37,100,229                                      | 37,100,229  |                             |
| Robinsons Land Corp.                                 | 2,000,000  | 2,000,000                                       | 2,000,000   |                             |
| San Miguel Corporation                               | 3,986,804  | 3,986,804                                       | 3,986,804   |                             |
| SBC  | 2,500,000  | 2,500,000                                       | 2,500,000   |                             |
| SM Investments Corporation                           | 2,000,839  | 2,000,839                                       | 2,000,839   |                             |
| SM Prime Holdings, Inc.                              | 38,330,880   | 38,330,880                                      | 38,330,880  |                             |
| Smart Communications, Inc.                           | 10,072,748   | 10,072,748                                      | 10,072,748  |                             |
| STI Education Systems Holdings, Inc.                 | 19,952,998   | 19,952,998                                      | 19,952,998  |                             |
| Torre Lorenzo Development Corp.                      | 60,000,000   | 60,000,000                                      | 60,000,000  |                             |
| UnionBank of the Philippines                         | 3,000,000  | 3,000,000                                       | 3,000,000   |                             |
| <i>Investments in quoted shares of stock</i>         |  |   |   |                             |
| A Brown Company                                      | 10,000   | 965,000   | 965,000   |                             |
| AC Energy Corporation                                | 150,000  | 2,757,000                                       | 2,757,000   |                             |
| Areit, Inc.  | 185,300  | 6,189,020                                       | 6,189,020   |                             |
| Axelum Resources Corp.                               | 200,000  | 480,000   | 480,000   |                             |
| Ayala Corporation                                    |  | 1,504,800                                       | 1,504,800   |                             |

**Philcomsat Holdings Corporation and Subsidiaries**

**Schedule A. Financial assets (continuation)**  
**December 31, 2023**

| <b>Name of issuing entity and association of each issue</b> | <b>Number of shares or principal amounts of bonds and notes</b> | <b>Amount shown in statement of financial position</b> | <b>Value based on market quotations at end or reporting period</b> | <b>Income received and accrued</b> |
|---|---|--|--|------------------------------------|
| Ayala Land, Inc.  | 100,000   | 3,445,000  | 3,445,000  |                                    |
| Bank of Commerce  |   | 581,600  | 581,600  |                                    |
| BDO - Trust & Investments Group Managed Bonds               |   | 39,753,976   | 39,753,976   |                                    |
| BDO Private Bank Managed Bonds                              |   | 29,161,240   | 29,161,240   |                                    |
| BDO Unibank, Inc.   | 16,869  | 2,641,581  | 2,641,581  |                                    |
| Cebu Landmasters, Inc.                                      | 150,000   | 826,215  | 826,215  |                                    |
| Chelsea Logistics Holdings Corp.                            | 100,000   | 150,000  | 150,000  |                                    |
| Cirtek Holdings Phils. Corp.                                | 150,000   | 3,917,474  | 3,917,474  |                                    |
| Cirtek Holdings Phils. Corp.                                |   |  |  |                                    |
| Citicore Energy REIT Corporation                            |   | 5,017,600  | 5,017,600  |                                    |
| Converge ICT Solutions, Inc.                                | 500,000   | 4,190,000  | 4,190,000  |                                    |
| D.M. Wenceslao and Associates, Inc.                         | 1,500,000   | 7,740,000  | 7,740,000  |                                    |
| DDMP Reit, Inc.   | 500,000   | 605,000  | 605,000  |                                    |
| DMCI Holdings, Inc.   | 75,000  | 732,750  | 732,750  |                                    |
| Doubledragon Properties Corp.                               | 31,000  | 2,945,000  | 2,945,000  |                                    |
| EEI Corporation   | 50,000  | 4,745,000  | 4,745,000  |                                    |
| Filinvest REIT Corp.  | 1,000,000   | 2,580,000  | 2,580,000  |                                    |
| GT Capital Holdings   |   |  |  |                                    |
| GT Capital Holdings, Inc.                                   |   |  |  |                                    |
| Intl. Cont. Terminal Serv. Inc.                             | 4,170   | 1,029,156  | 1,029,156  |                                    |
| JG Summit Holdings, Inc.                                    | 5,250   | 200,288  | 200,288  |                                    |
| Jollibee Foods Corp.  | 1,000   | 942,000  | 942,000  |                                    |
| Megawide Construction Corporation                           | 1,005,000   | 1,332,750  | 1,332,750  |                                    |
| MerryMart Consumer Corp.                                    | 1,450,000   | 1,493,500  | 1,493,500  |                                    |
| Monde Nissin Corporation                                    | 1,688,000   | 838,000  | 838,000  |                                    |
| MREIT, Inc.   | 186,000   | 2,287,800  | 2,287,800  |                                    |

**Philcomsat Holdings Corporation and Subsidiaries**

**Schedule A. Financial assets (continuation)**  
**December 31, 2023**

| <u>Name of issuing entity and association of each issue</u> | <u>Number of shares or principal amounts of bonds and notes</u> | <u>Amount shown in statement of financial position</u> | <u>Value based on market quotations at end or reporting period</u> | <u>Income received and accrued</u> |
|---|---|--|--|------------------------------------|
| Sun Life Prosperity Philippine Equity Fund                  | 3,878,305   | 13,049,333   | 13,049,333   |                                    |
| Petron Corporation  | 6,000   | 5,820,000  | 5,820,000  |                                    |
| Phoenix Petroleum Phils.                                    | 2,000   | 465,600  | 465,600  |                                    |
| Pilipinas Shell Petroleum Corp.                             | 150,000   | 1,641,000  | 1,641,000  |                                    |
| Raslag Corporation  |   | 322,500  | 322,500  |                                    |
| RL Commercial REIT, Inc.                                    | 780,000   | 3,814,200  | 3,814,200  |                                    |
| Robinsons Land Corp.  | 6,343   | 101,107  | 101,107  |                                    |
| San Miguel Corporation                                      | 143,300   | 10,860,850   | 10,860,850   |                                    |
| San Miguel Food and Beverage, Inc.                          | 11,500  | 586,500  | 586,500  |                                    |
| SM Prime Holdings, Inc.                                     | 100,000   | 3,290,000  | 3,290,000  |                                    |
| Synergy Grid & Dev't Phils., Inc.                           | 1,022,400   | 524,000  | 524,000  |                                    |
| Wilcon Depot, Inc.  | 605,000   | 12,644,500   | 12,644,500   |                                    |
| <i>Investments in UITFs</i>                                 |   |  |  |                                    |
| Sun Life Prosperity Balanced Fund                           | 11,771,306  | 40,109,548   | 40,109,548   |                                    |
| Sun Life Prosperity Dynamic Fund                            | 5,346,450   | 4,834,795  | 4,834,795  |                                    |
| Sun Life Prosperity GS Fund                                 | 6,038,647   | 10,684,178   | 10,684,178   |                                    |
| Philam Strategic Growth Fund                                | 66,408  | 30,622,057   | 30,622,057   |                                    |
| BDO Private Bank Managed Funds                              |   | 16,080,804   | 16,080,804   |                                    |
| BDO - Trust & Investments Group Managed Funds               | 17,261  | 5,423,115  | 5,423,115  |                                    |
| Capital Accumulation Global Fund of Funds                   | 500   | 2,848,177  | 2,848,177  |                                    |
| SB Asia Pacific EQ Feeder Fund Class F                      |   | 911,712  | 911,712  |                                    |
| <i>Investments in unquoted shares of stock</i>              |   |  |  |                                    |
| Asian Breast Cancer   | 300,000   | 30,000,000   | 30,000,000   |                                    |

**Philcomsat Holdings Corporation and Subsidiaries**

Schedule A. Financial assets (continuation)  
December 31, 2023

| Name of issuing entity and association of each issue | Number of shares or<br>principal amounts of<br>bonds and notes | Amount shown in<br>statement of<br>financial position | Value based on market<br>quotations at end or<br>reporting period | Income received<br>and accrued |
|--|--|---|---|--------------------------------|
| <i>Investments in club memberships</i>               |  |   |   |                                |
| Montemar Beach Club Inc.                             | 10   | 8,000,000   | 8,000,000   |                                |
| Makati Sports Club, Inc.                             | 1  | 1,300,000   | 1,300,000   |                                |
|  |  | 912,363,316   | 912,363,316   | 25,278,233                     |

**Philcomsat Holdings Corporation and Subsidiaries**

Schedule B. Amounts receivable from directors, officers, employees, related parties, and principal stockholders (other than related parties)  
December 31, 2023

| <b>Name and designation of debtor</b>             | <b>Balance at<br/>beginning of<br/>period</b> | <b>Additions</b> | <b>Amounts<br/>collected</b> | <b>Amounts<br/>written off</b> | <b>Current</b> | <b>Non-current</b> | <b>Balance at<br/>end of period</b> |
|---|---|------------------|------------------------------|--------------------------------|----------------|--------------------|-------------------------------------|
|   |   |                  |                              |                                |                |                    |                                     |
| <i>Included under receivables</i>                 |   |                  |                              |                                |                |                    |                                     |
| Montemar Beach Club Inc.                          | 54,931,629                                    | 8,000,000        | (4,482,042)                  | -                              | 61,817,697     | -                  | 61,817,697                          |
| Philippine Communications Satellite Corporation   | 36,941,644                                    | -                | (36,000,000)                 | -                              | 941,644        | -                  | 941,644                             |
| <i>Presented under "Due from related parties"</i> |   |                  |                              |                                |                |                    |                                     |
| Montemar Beach Club Inc.                          | 6,526,316                                     | -                | -                            | -                              | 6,526,316      | -                  | 6,526,316                           |
| Philippine Communications Satellite Corporation   | 258,047,334                                   | 844,037          | (258,679,504)                | -                              | 211,867        | -                  | 211,867                             |
| Montemar Resort Development Corp.                 | 200,000                                       | -                | -                            | -                              | 200,000        | -                  | 200,000                             |
|   | 356,646,923                                   | 12,212,147       | (299,161,546)                | -                              | 69,697,524     | -                  | 69,697,524                          |

"Notes receivables from" and "cash advances to" Montemar beach Club Inc. and Philippine Communications Satellite Corporation bear interest of 4% to 7% with terms of 180 days to one year. Cash advances to Montemar Resort Development Corp. are non-interest bearing.

**Philcomsat Holdings Corporation and Subsidiaries**

Schedule C. Amounts receivable from related parties which are eliminated during the consolidation of financial statements  
December 31, 2023

| <b>Name and designation of debtor</b> | <b>Balance at<br/>beginning of<br/>period</b> | <b>Additions</b> | <b>Amounts<br/>collected</b> | <b>Amounts<br/>written off</b> | <b>Current</b> | <b>Non-<br/>current</b> | <b>Balance at<br/>end of period</b> |
|---------------------------------------|---|------------------|------------------------------|--------------------------------|----------------|-------------------------|-------------------------------------|
|                                       |   | Not applicable   |                              |                                |                |                         |                                     |

**Philcomsat Holdings Corporation and Subsidiaries**

Schedule D. Long term debt  
December 31, 2023

| Title of issue and type of obligation | Amount authorized by indenture | Amount shown under caption "current portion of long-term debt" in related statement of financial position | Amount shown in caption "long-term debt" in statement of financial position |
|---------------------------------------|--------------------------------|---|---|
| Not applicable                        | Not applicable                 | -   | -   |

**Philcomsat Holdings Corporation and Subsidiaries**

Schedule E. Indebtedness to related parties (long-term loans from related companies)  
December 31, 2023

| Name of related party                           | Balance at beginning of period | Balance at end of period |
|---|--------------------------------|--------------------------|
| Philippine Communications Satellite Corporation | -                              | 28,344,614               |

**Philcomsat Holdings Corporation and Subsidiaries**

**Schedule F. Guarantees of securities and other issues**

December 31, 2023

| Name of issuing entity of securities guaranteed by the company for which this statement is filed | Title of issue of each class of securities guaranteed | Total amount guaranteed and outstanding | Amount owned by person for which statement is filed | Nature of guarantee |
|--|---|---|---|---------------------|
|  |   | Not applicable                          |   |                     |

**Philcomsat Holdings Corporation and Subsidiaries**

Schedule G. Capital stock  
December 31, 2023

| Title of issue | Number of shares authorized | Number of shares issued and outstanding at shown under related statement of financial position | Number of shares reserved for options, warrants, conversions, and other rights | Number of shares held by related parties | Directors, officers and employees | Others     |
|----------------|-----------------------------|--|--|--|-----------------------------------|------------|
| Common shares  | 1,000,000,000               | 996,391,254  | -  | 796,595,690                              | 100,106,143                       | 99,689,421 |

**Philcomsat Holdings Corporation and Subsidiaries**

12th Floor, Telecom Plaza Building  
316 Sen. Gil Puyat Avenue, Makati City

Reconciliation of the Parent Company's Retained Earnings Available for Dividend Declaration  
For the year ended December 31, 2023  
(All amounts in Philippine Peso)

|  |                         |
|--|-------------------------|
| <b>Unappropriated Retained Earnings, beginning of the year/period</b>  | 472,356,671             |
| Add: Category A: Items that are directly credited to Unappropriated retained earnings  |                         |
| Reversal of Retained earnings appropriation/s  | -                       |
| Effect of restatements or prior-period adjustments   | -                       |
| Others (describe nature)   | -                       |
| Less: Category B: Items that are directly debited to Unappropriated retained earnings  |                         |
| Dividend declaration during the reporting period   | -                       |
| Retained earnings appropriated during the reporting period   | -                       |
| Effect of restatements or prior-period adjustments   | -                       |
| Others (describe nature)   | -                       |
| Transfer of loss on disposal of FVOCI equity instruments   | (1,368,514) (1,368,514) |
| Unappropriated Retained Earnings, as adjusted  | 470,988,157             |
| Add/Less: Net Income (loss) for the current year/period  | 15,790,466              |
| Less: Category C.1: Unrealized income recognized in the profit or loss during the year/period (net of tax)   |                         |
| Equity in net income of associate/joint venture, net of dividends declared   | -                       |
| Unrealized foreign exchange gain, except those attributable to cash and cash equivalents   | -                       |
| Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)                              | (28,920)                |
| Unrealized fair value gain of investment property  | -                       |
| Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)          | - (28,920)              |
| Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax) |                         |
| Realized foreign exchange gain, except those attributable to Cash and cash equivalents   | -                       |
| Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)                                | 2,540,681               |
| Realized fair value gain of Investment property  | -                       |
| Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)            | - 2,540,681             |

|  |                    |
|--|--------------------|
| Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)   |                    |
| Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents  | -                  |
| Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)   | 4,700              |
| Reversal of previously recorded fair value gain of investment property   | -                  |
| Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)   | -                  |
| Adjusted net income/loss   | 18,306,927         |
| Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)   |                    |
| Depreciation on revaluation increment (after tax)  | -                  |
| Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP   |                    |
| Amortization of the effect of reporting relief   | -                  |
| Total amount of reporting relief granted during the year   | -                  |
| Others (describe nature)   | -                  |
| Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution   |                    |
| Net movement of treasury shares (except for reacquisition of redeemable shares)  | -                  |
| Net movement of deferred tax asset not considered in the reconciling items under the previous categories   | -                  |
| Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable | -                  |
| Adjustment due to deviation from PFRS/GAAP - gain (loss)   | -                  |
| Others (describe nature)   | -                  |
| <b>Total Retained Earnings, end of the year/period available for dividend declaration</b>  | <b>489,295,084</b> |

**Philcomsat Holdings Corporation and Subsidiaries**

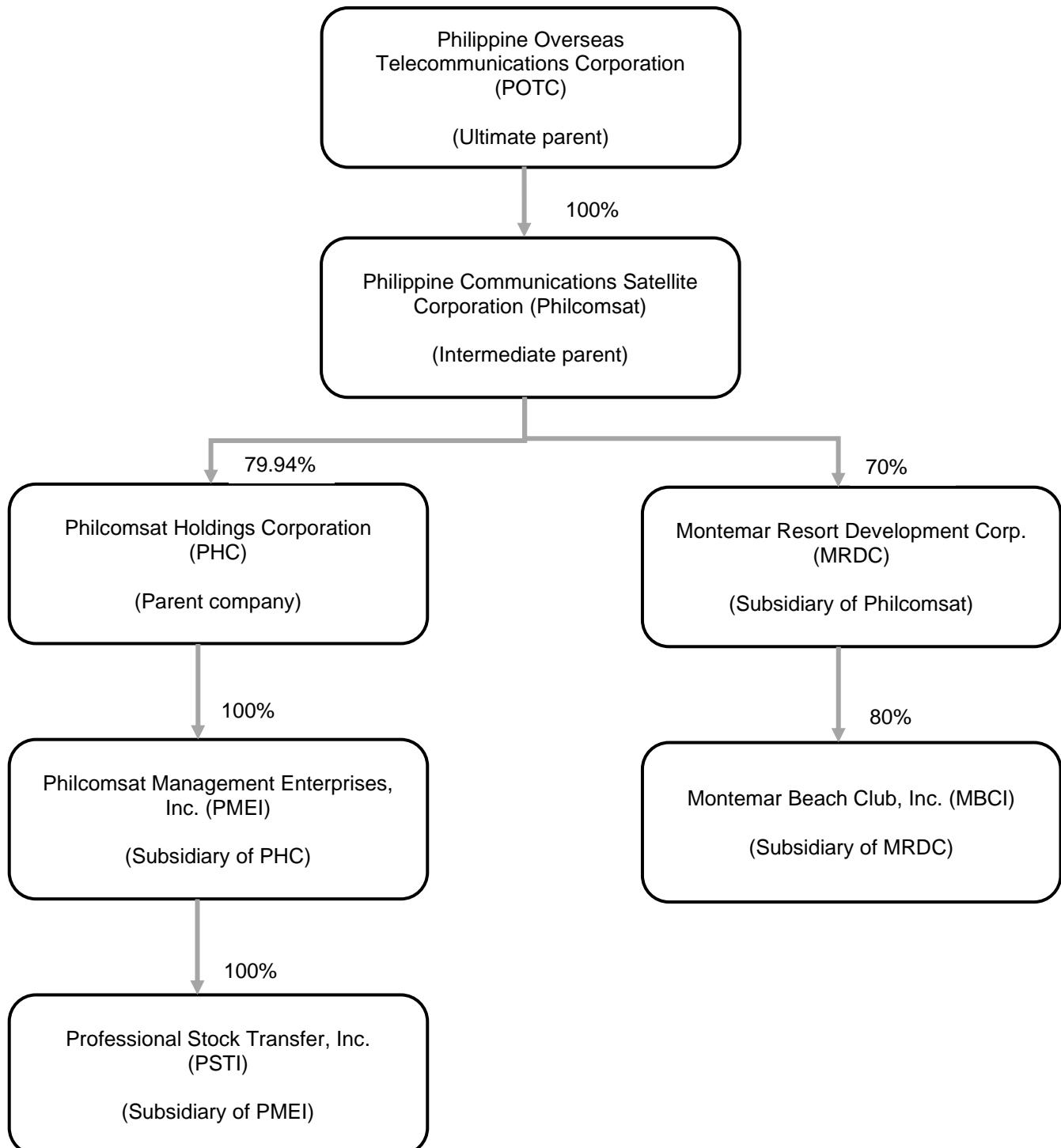
12th Floor, Telecom Plaza Building  
316 Sen. Gil Puyat Avenue, Makati City

Schedule of Financial Soundness Indicators  
December 31, 2023

| Ratio                        | Formula   | 2023                                       | 2022                                       |
|------------------------------|---|--|--|
| Current ratio                | <u>Current assets</u><br>Current liabilities                                | 6.07:1<br>P255,512,180<br>P42,124,350      | 35:83:1<br>P516,666,201<br>P14,421,232     |
| Acid test ratio              | <u>Current assets - inventory - prepayments</u><br>Current liabilities      | 5.84:1<br>P246,191,452<br>P42,124,350      | 35.80:1<br>P516,274,282<br>P14,421,232     |
| Solvency Ratio               | <u>Net income before depreciation and amortization</u><br>Total liabilities | 0.32:1<br>P19,719,582<br>P61,284,193       | 1.06:1<br>P36,884,179<br>P34,854,942       |
| Debt-to-equity ratio         | <u>Total liabilities</u><br>Total equity                                    | 0.04:1<br>P61,284,193<br>P1,458,454,929    | 0.02:1<br>P34,854,942<br>P1,447,079,633    |
| Asset to equity ratio        | <u>Total assets</u><br>Total equity   | 1.04:1<br>P1,519,739,122<br>P1,458,454,929 | 1.02:1<br>P1,481,934,575<br>P1,447,079,633 |
| Interest rate coverage ratio | <u>Operating EBITDA</u><br>Net interest                                     | Not applicable                             | Not applicable                             |
| Return on equity             | <u>Net income</u><br>Average total equity                                   | 1%<br>P17,891,031<br>P1,452,767,281        | 2%<br>P35,140,063<br>P1,479,326,161        |
| Return on asset              | <u>Net income</u><br>Average total assets                                   | 1%<br>P17,891,031<br>P1,500,836,849        | 2%<br>P35,140,063<br>P1,512,063,985        |
| Net profit margin            | <u>Net income</u><br>Total revenue  | 32%<br>P17,891,031<br>P55,948,553          | 54%<br>P35,140,063<br>P63,536,279          |

## Philcomsat Holdings Corporation and Subsidiaries

Map showing the relationships between and among the companies in the group,  
its ultimate parent company and co-subsidiaries  
December 31, 2023





Philcomsat Holdings Corporation <phc.birdocs@gmail.com>

---

## Your BIR AFS eSubmission uploads were received

1 message

[eafs@bir.gov.ph](mailto:eafs@bir.gov.ph) <eafs@bir.gov.ph>

Mon, Apr 15, 2024 at 9:38 AM

To: PHC.BIRDOCS@gmail.com

Cc: PHC.BIRDOCS@gmail.com

Hi PHILCOMSAT HOLDINGS CORPORATION,

### Valid files

- EA000471497RPTTY122023.pdf
- EA000471497ITRTY122023.pdf
- EA000471497OTHTY122023.pdf
- EA000471497TCRTY122023-01.pdf
- EA000471497AFSTY122023.pdf

### Invalid file

- <None>

Transaction Code: **AFS-0-N3STZ2WN0PTZ2VWP2NVT32PY20AFGHDCGD**

Submission Date/Time: **Apr 15, 2024 09:38 AM**

Company TIN: **000-471-497**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

# COVER SHEET

Annex "B-2"

SEC Registration Number

|   |   |   |   |   |  |  |  |  |  |  |  |  |
|---|---|---|---|---|--|--|--|--|--|--|--|--|
| 1 | 1 | 1 | 6 | 3 |  |  |  |  |  |  |  |  |
|---|---|---|---|---|--|--|--|--|--|--|--|--|

## COMPANY NAME

|                                     |  |  |  |  |  |  |  |  |  |  |  |  |
|-------------------------------------|--|--|--|--|--|--|--|--|--|--|--|--|
| P H I L C O M S A T H O L D I N G S |  |  |  |  |  |  |  |  |  |  |  |  |
| C O R P O R A T I O N               |  |  |  |  |  |  |  |  |  |  |  |  |
|                                     |  |  |  |  |  |  |  |  |  |  |  |  |
|                                     |  |  |  |  |  |  |  |  |  |  |  |  |

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

|   |  |  |  |  |  |  |  |  |  |  |  |  |
|---|--|--|--|--|--|--|--|--|--|--|--|--|
| 1 2 T H F L O O R , T E L E C O M P L A Z A     |  |  |  |  |  |  |  |  |  |  |  |  |
| B U I L D I N G , 3 1 6 S E N . G I L P U Y A T |  |  |  |  |  |  |  |  |  |  |  |  |
| A V E . , M A K A T I C I T Y                   |  |  |  |  |  |  |  |  |  |  |  |  |
|   |  |  |  |  |  |  |  |  |  |  |  |  |

Form Type

|  |   |   |   |
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|  | A | F | S |
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Department requiring the report

|   |   |   |   |
|---|---|---|---|
| C | R | M | D |
|---|---|---|---|

Secondary License Type, if Applicable

|   |   |   |  |  |
|---|---|---|--|--|
| N | / | A |  |  |
|---|---|---|--|--|

## COMPANY INFORMATION

Company's Email Address

[inquiry@phc.com.ph](mailto:inquiry@phc.com.ph)

Company's Telephone Number/s

(632) 8816-2517

Mobile Number

-

No. of Stockholders

1,175

Annual Meeting (Month/Day)

3<sup>rd</sup> Monday of November

Fiscal Year (Month/Day)

12/31

## CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Ms. Erlinda I. Bildner

Email Address

-

Telephone Number/s

(632) 8815-8406

Mobile Number

-

## CONTACT PERSON's ADDRESS

12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Ave., Makati City

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

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



# PHILCOMSAT HOLDINGS CORPORATION

12F Telecom Plaza 316 Sen. Gil Puyat Ave. 1200 City of Makati, Philippines  
Tel.No.: 8815-8406; Fax No.: 8816-2517 [www.phc.com.ph](http://www.phc.com.ph)

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of Philcomsat Holdings Corporation (the Parent Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2023, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Parent Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Parent Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Parent Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Isla Lipana & Co., the independent auditor, appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

**SANTIAGO J. RANADA**  
Chairman of the Board

**VICTORIA DELOS REYES**  
President

**ERLINDA I. BILDNER**  
Treasurer

Signed this 12<sup>th</sup> day of April 2024.

SUBSCRIBED AND SWORN to before me this 08 day of APRIL, 2024 in  
**MAKATI CITY** affiants exhibiting to me the following:

| <u>Name</u>             | <u>Government ID No.</u>    | <u>Place / Date of Issue</u>    |
|-------------------------|-----------------------------|---------------------------------|
| Santiago J. Ranada      | PP No. P0274808B            | DFA NCR East / 17 January 2019  |
| Victoria C. Delos Reyes | Senior Citizen ID No. 58406 | Makati City / 07 May 2012       |
| Erlinda I. Bildner      | Senior Citizen ID No. 49633 | Makati City / 20 September 2019 |

Doc. No. 199  
Page No. 40  
Book No. 1  
Series of 2024



ATTY. BERNADETTE S. YANZON  
NOTARY PUBLIC - CITY OF MAKATI  
UNTIL 31 DECEMBER 2024  
NOTARIAL COMMISSION NO. M-262  
12/F TELECOM PLAZA BUILDING  
316 SEN. GIL PUYAT AVENUE, MAKATI CITY  
IBP LIFETIME MEMBER NO. 03264  
PTR NO. 10075057, 01/02/2024, MAKATI CITY  
MCLE COMPLIANCE NO. VII-0013527, 03/28/2022  
ROLL OF ATTORNEY'S NO. 45724  
TIN: 211-177-746



## Independent Auditor's Report

To the Board of Directors and Shareholders of  
**Philcomsat Holdings Corporation**  
(A subsidiary of Philippine Communications Satellite Corporation)  
12th Floor, Telecom Plaza Building  
316 Sen. Gil Puyat Avenue, Makati City

### ***Report on the Audits of the Financial Statements***

#### **Our Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Philcomsat Holdings Corporation (the "Company") as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

#### *What we have audited*

The financial statements of the Company comprise:

- the statements of financial position as at December 31, 2023 and 2022;
- the statements of total comprehensive income for the years ended December 31, 2023 and 2022;
- the statements of changes in equity for the years ended December 31, 2023 and 2022;
- the statements of cash flows for the years ended December 31, 2023 and 2022; and
- the notes to the financial statements, including material accounting policy information.

#### **Basis for Opinion**

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines  
T: +63 (2) 8845 2728, [www.pwc.com/ph](http://www.pwc.com/ph)

Isla Lipana & Co. is the Philippine member firm of the PwC network. PwC refers to the Philippine member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.

Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Philcomsat Holdings Corporation  
(A subsidiary of Philippine Communications Satellite Corporation)  
Page 2

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Philcomsat Holdings Corporation  
(A subsidiary of Philippine Communications Satellite Corporation)  
Page 3

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Philcomsat Holdings Corporation  
(A subsidiary of Philippine Communications Satellite Corporation)  
Page 4

***Report on the Bureau of Internal Revenue Requirement***

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 23 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Isla Lipana & Co.**

A handwritten signature in black ink, appearing to read "Carlos Federico C. de Guzman".

Carlos Federico C. de Guzman  
Partner  
CPA Cert. No. 110973  
P.T.R. No. 0011285, issued on January 12, 2024, Makati City  
TIN 229-481-265  
BIR AN: 08-000745-141-2023, issued October 23, 2023; effective until October 22, 2026  
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City  
April 12, 2024



## **Statement Required by Section 8-A, Revenue Regulations No. V-1**

To the Board of Directors and Shareholders of  
**Philcomsat Holdings Corporation**  
(A subsidiary of Philippine Communications Satellite Corporation)  
12th Floor, Telecom Plaza Building  
316 Sen. Gil Puyat Avenue, Makati City

None of the partners of the firm have any financial interest in Philcomsat Holdings Corporation or any family relationships with its president, manager or shareholders.

The supplementary information on taxes and licenses for the year ended December 31, 2023 is presented in Note 23 to the financial statements.

### **Isla Lipana & Co.**

A handwritten signature in black ink, appearing to read 'Carlos Federico C. de Guzman'.

Carlos Federico C. de Guzman  
Partner  
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TIN 229-481-265  
BIR AN: 08-000745-141-2023, issued October 23, 2023; effective until October 22, 2026  
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Makati City  
April 12, 2024

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**Philcomsat Holdings Corporation**  
 (A subsidiary of Philippine Communications Satellite Corporation)

Statements of Financial Position  
 As at December 31, 2023 and 2022  
 (All amounts in Philippine Peso)

|   | Notes | 2023                 | 2022                 |
|---|-------|----------------------|----------------------|
| <b>Assets</b>   |       |                      |                      |
| <b>Current assets</b>   |       |                      |                      |
| Cash and cash equivalents   | 2     | 111,132,301          | 71,513,941           |
| Receivables   | 3     | 115,547,881          | 155,786,818          |
| Due from related parties  | 16    | 6,938,183            | 260,222,273          |
| Other current assets  |       | 301,018              | 372,919              |
|   |       | 233,919,383          | 487,895,951          |
| Assets held for sale  | 4     | 8,999,710            | -                    |
| <b>Total current assets</b>   |       | <b>242,919,093</b>   | <b>487,895,951</b>   |
| <b>Non-current assets</b>   |       |                      |                      |
| Financial assets at fair value through other comprehensive income (FVOCI) | 6     | 912,363,316          | 950,613,288          |
| Investment in a subsidiary  | 7     | 25,000,000           | 25,000,000           |
| Receivables, net of current portion                                       | 3     | -                    | 5,000,000            |
| Investment property   | 8     | 335,615,126          | -                    |
| Right-of-use (ROU) asset, net   | 11    | 1,415,960            | -                    |
| Property and equipment, net   | 9     | 13,996               | 22,835               |
| Other non-current assets  | 5     | 8,047,318            | 3,212,189            |
| <b>Total non-current assets</b>   |       | <b>1,282,455,716</b> | <b>983,848,312</b>   |
| <b>Total assets</b>   |       | <b>1,525,374,809</b> | <b>1,471,744,263</b> |
| <b>Liabilities and Equity</b>   |       |                      |                      |
| <b>Current liabilities</b>  |       |                      |                      |
| Trade and other payables  | 10    | 6,184,638            | 4,877,515            |
| Due to related parties  | 16    | 46,895,352           | -                    |
| Dividends payable   | 12    | 5,184,637            | 8,972,507            |
| Lease liability   | 11    | 1,487,184            | -                    |
| <b>Total current liabilities</b>  |       | <b>59,751,811</b>    | <b>13,850,022</b>    |
| <b>Non-current liabilities</b>  |       |                      |                      |
| Deferred income tax liability   | 15    | -                    | 1,545,974            |
| Deposit for future stock subscription                                     | 16    | 18,894,000           | 18,894,000           |
| <b>Total non-current liabilities</b>                                      |       | <b>18,894,000</b>    | <b>20,439,974</b>    |
| <b>Total liabilities</b>  |       | <b>78,645,811</b>    | <b>34,289,996</b>    |
| <b>Equity</b>   |       |                      |                      |
| Share capital   | 12    | 996,391,254          | 996,391,254          |
| Retained earnings   |       | 486,778,623          | 472,356,671          |
| Other equity reserves   | 6     | (36,440,879)         | (31,293,658)         |
| <b>Total equity</b>   |       | <b>1,446,728,998</b> | <b>1,437,454,267</b> |
| <b>Total liabilities and equity</b>                                       |       | <b>1,525,374,809</b> | <b>1,471,744,263</b> |

(The notes on pages 1 to 34 are integral part of these financial statements)

**Philcomsat Holdings Corporation**  
 (A subsidiary of Philippine Communications Satellite Corporation)

Statements of Total Comprehensive Income  
 For the years ended December 31, 2023 and 2022  
 (All amounts in Philippine Peso, except earnings per share)

|   | <b>Notes</b> | <b>2023</b>       | <b>2022</b>         |
|---|--------------|-------------------|---------------------|
| Income  | 13           | 47,119,554        | 53,333,699          |
| Operating expenses  | 14           | (29,771,288)      | (26,002,913)        |
| Other (expense) income, net   |              |                   |                     |
| Gain on extinguishment of debt  | 16           | 36,971            | -                   |
| Realized (loss) gain on sale of debt instruments<br>measured at FVOCI       | 6            | (2,540,681)       | 335,769             |
| Unrealized foreign exchange (loss) gain, net                                |              | (272,199)         | 6,183,896           |
| Finance costs   | 11           | (117,625)         | (13,671)            |
| <b>Profit before income tax</b>   |              | <b>14,454,732</b> | <b>33,836,780</b>   |
| Income tax benefit (expense)  | 15           | 1,335,734         | (931,465)           |
| <b>Profit for the year</b>  |              | <b>15,790,466</b> | <b>32,905,315</b>   |
| <b>Other comprehensive income (loss)</b>                                    |              |                   |                     |
| <i>Item that may subsequently be reclassified to profit or loss</i>         |              |                   |                     |
| Fair value gain (loss) on debt instruments at FVOCI                         | 6            | 7,081,074         | (15,272,669)        |
| <i>Item that will not to be subsequently reclassified to profit or loss</i> |              |                   |                     |
| Fair value loss on equity instruments at FVOCI, net of tax                  | 6            | (16,137,490)      | (34,205,118)        |
|   |              | (9,056,416)       | (49,477,787)        |
| <b>Total comprehensive income (loss) for the year</b>                       |              | <b>6,734,050</b>  | <b>(16,572,472)</b> |
| <b>Earnings per share (basic and diluted)</b>                               | 17           | <b>0.0158</b>     | <b>0.0330</b>       |

(The notes on pages 1 to 34 are integral part of these financial statements)

**Philcomsat Holdings Corporation**  
 (A subsidiary of Philippine Communications Satellite Corporation)

Statements of Changes in Equity  
 For the years ended December 31, 2023 and 2022  
 (All amounts in Philippine Peso)

|  | <b>Share<br/>capital<br/>(Note 12)</b> | <b>Retained<br/>earnings</b> | <b>Other equity<br/>reserves<br/>(Note 6)</b> | <b>Total equity</b> |
|--|--|------------------------------|---|---------------------|
| <b>Balances at January 1, 2022</b>   | 996,391,254                            | 484,968,788                  | 22,822,029                                    | 1,504,182,071       |
| <b>Comprehensive income</b>  |  |                              |   |                     |
| Profit for the year  | -                                      | 32,905,315                   | -   | 32,905,315          |
| Other comprehensive loss for the year  | -                                      | -                            | (49,477,787)                                  | (49,477,787)        |
| <b>Total comprehensive loss for the year</b>   | -                                      | 32,905,315                   | (49,477,787)                                  | (16,572,472)        |
| <b>Transaction with owners</b>   |  |                              |   |                     |
| Dividends declared (Note 12)   | -                                      | (49,819,563)                 | -   | (49,819,563)        |
| Transfer of gain on disposal of FVOCI equity instruments   | -                                      | 4,302,131                    | (4,302,131)                                   | -                   |
| Reclassification of cumulative fair value changes of debt instruments measured at FVOCI sold to profit or loss | -                                      | -                            | (335,769)                                     | (335,769)           |
| <b>Balances at December 31, 2022</b>   | 996,391,254                            | 472,356,671                  | (31,293,658)                                  | 1,437,454,267       |
| <b>Comprehensive income</b>  |  |                              |   |                     |
| Profit for the year  | -                                      | 15,790,466                   | -   | 15,790,466          |
| Other comprehensive loss for the year  | -                                      | -                            | (9,056,416)                                   | (9,056,416)         |
| <b>Total comprehensive income for the year</b>   | -                                      | 15,790,466                   | (9,056,416)                                   | 6,734,050           |
| Transfer of loss on disposal of FVOCI equity instruments   | -                                      | (1,368,514)                  | 1,368,514                                     | -                   |
| Reclassification of cumulative fair value changes of debt instruments measured at FVOCI sold to profit or loss | -                                      | -                            | 2,540,681                                     | 2,540,681           |
| <b>Balances at December 31, 2023</b>   | 996,391,254                            | 486,778,623                  | (36,440,879)                                  | 1,446,728,998       |

(The notes on pages 1 to 34 are integral part of these financial statements)

**Philcomsat Holdings Corporation**  
 (A subsidiary of Philippine Communications Satellite Corporation)

Statements of Cash Flows  
 For the years ended December 31, 2023 and 2022  
 (All amounts in Philippine Peso)

|  | Notes | 2023          | 2022          |
|--|-------|---------------|---------------|
| <b>Cash flows from operating activities</b>                        |       |               |               |
| Profit before income tax   |       | 14,454,732    | 33,836,780    |
| Adjustments for:   |       |               |               |
| Depreciation of ROU asset  | 11,14 | 1,415,960     | 1,335,788     |
| Depreciation of property and equipment                             | 9,14  | 8,840         | 5,713         |
| Provision for impairment of receivables                            | 3,14  | 1,536,568     | -             |
| Impairment of assets held for sale                                 | 4,14  | 1,150,790     | -             |
| Interest expense   | 11    | 117,625       | 13,671        |
| Unrealized foreign exchange loss (gain)                            |       | 272,199       | (6,183,896)   |
| Gain on extinguishment of debt                                     | 16    | (36,971)      | -             |
| Realized loss (gain) on sale of debt instruments measured at FVOCI | 6     | 2,540,681     | (335,769)     |
| Operating cash flows before changes in working capital             |       | 21,460,424    | 28,672,287    |
| (Decrease) Increase in:  |       |               |               |
| Receivables  | 3     | (1,804,380)   | 17,152,805    |
| Due from related parties   | 16    | (211,868)     | (74,913,685)  |
| Other current assets   | 5     | 71,901        | (285,669)     |
| Other non-current assets   |       | (5,045,370)   | (444,941)     |
| Increase in:   |       |               |               |
| Trade and other payables   | 10    | 1,307,123     | 257,846       |
| Due to related parties   |       | 169,404       | -             |
| Net cash generated from (used in) operations                       |       | 15,947,234    | (29,561,357)  |
| Acquisitions of:   |       |               |               |
| Financial assets at FVOCI  | 6     | (280,073,815) | (260,333,213) |
| Proceeds from redemption and maturity of:                          |       |               |               |
| Financial assets at FVOCI  | 6     | 309,267,371   | 286,840,495   |
| Income taxes paid  |       | -             | (592,438)     |
| Net cash from (used in) operating activities                       |       | 45,140,790    | (3,646,513)   |
| <b>Cash flows used in investing activities</b>                     |       |               |               |
| Additions to property and equipment                                | 9     | -             | (26,518)      |
| <b>Cash flows from financing activities</b>                        |       |               |               |
| Dividends paid   | 12    | (3,787,870)   | (40,847,056)  |
| Payments of:   |       |               |               |
| Lease liability  | 11    | (1,344,736)   | (1,379,055)   |
| Interest expense on lease liability                                | 11    | (117,625)     | (13,671)      |
| Net cash used in financing activities                              |       | (5,250,231)   | (42,239,782)  |
| <b>Net increase (decrease) in cash</b>                             |       | 39,890,559    | (45,912,813)  |
| Cash and cash equivalents at beginning of year                     |       | 71,513,941    | 111,242,858   |
| Effect of foreign exchange rates changes                           |       | (272,199)     | 6,183,896     |
| <b>Cash and cash equivalents as at end of year</b>                 | 2     | 111,132,301   | 71,513,941    |

(The notes on pages 1 to 34 are integral part of these financial statements)

## **Philcomsat Holdings Corporation**

(A subsidiary of Philippine Communications Satellite Corporation)

### Notes to the Financial Statements

As at and for the years ended December 31, 2023 and 2022

(All amounts are shown in Philippine Peso, unless otherwise stated)

## **1 General information**

### **1.1 Corporate information**

Philcomsat Holdings Corporation (formerly Liberty Mines, Inc.) [the Company] was incorporated and registered with the Securities and Exchange Commission (SEC) on May 10, 1956 with the primary purpose of embarking in the discovery, exploration, development and exploitation of mineral oils, petroleum in its natural state, rock or carbon oils and other volatile mineral substance and with the secondary purpose of engaging in the business of mining in general. The Company ceased oil and mining operations in 1992.

On July 23, 1997, the SEC approved the amended Articles of Incorporation of the Company consisting of: a) change in its primary purpose from an exploration and mining company to a holding company and revision of its secondary purpose clauses; and b) change of the corporate name from Liberty Mines, Inc. to Philcomsat Holdings Corporation.

The Company started operations as a holding company on January 1, 2000. The Company derives income from money market placements, bank deposits, financial assets at FVOCI and other investments.

On May 9, 2006, the SEC approved the extension of corporate life for another fifty (50) years.

On May 23, 2016, the Company's Board of Directors (BOD) confirmed and ratified its previous resolution increasing the authorized capital stock of the Company from P1.0 billion, divided into 1,000,000,000 shares with par value of P1 per share, to P30 billion, divided into 3,000,000,000 shares with par value of P1 per share. As at each report date, the resolution is awaiting ratification by the stockholders and pending application with SEC.

The Company is 79.94% owned by Philippine Communications Satellite Corporation (Philcomsat), a company incorporated in the Philippines. The ultimate parent company is Philippine Overseas Telecommunications Corporation (POTC), a company also incorporated in the Philippines. Philcomsat and POTC are both engaged in the telecommunications business.

The registered address, and principal place of business, of the Company is at 12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City.

### **1.2 Listing of shares in Philippine Stock Exchange (PSE)**

The Company's original 60 million shares are listed and used to be traded in the PSE.

On May 3, 2007, the PSE suspended the trading of the Company's shares due to pending compliance with certain structured reportorial requirements. On December 3, 2008, the SEC ordered the suspension of the Company's registration of securities from the date of the receipt of the Order until the Company is able to submit the reportorial requirements and fully pay the corresponding penalties.

On April 1, 2014, the Company, through its legal counsel, submitted to the SEC three (3) letter request for the lifting of the order of suspension and for a compromise payment of the penalties. The SEC, on December 29, 2015, lifted the order of suspension and directed the Company to file an updated Registration Statement.

As at the date of report, the Company is still in the process of updating its Registration Statement.

### 1.3 Approval of the separate financial statements

The separate financial statements of the Company were approved and authorized for issue by the BOD on April 12, 2024.

### 2 Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

|                       | 2023        | 2022       |
|-----------------------|-------------|------------|
| Cash on hand          | 6,100       | 5,152      |
| Cash in banks         | 35,045,730  | 24,909,155 |
| Short-term placements | 76,080,471  | 46,599,634 |
|                       | 111,132,301 | 71,513,941 |

Cash in banks earn interest at prevailing bank deposit rates.

Cash equivalents pertain to special savings and time deposits, with terms of varying periods up to three (3) months and earn interest at prevailing special savings and time deposits rates.

Interest income earned from cash and cash equivalents for the year ended December 31, 2023 amounted to P2,632,613 (2022 - P950,741) (Note 13).

### 3 Receivables

Receivables as at December 31 consist of:

|   | Note | 2023        | 2022        |
|---|------|-------------|-------------|
| Notes and loans receivable                                |      |             |             |
| Corporate notes   | 16   | 75,524,767  | 94,432,110  |
| Promissory notes issued by various financial institutions |      | 34,000,000  | 41,000,000  |
| Interest receivables                                      |      | 7,526,350   | 25,283,894  |
| Dividend receivables                                      |      | 33,332      | 70,814      |
| Less: Allowance for ECL                                   |      | (1,536,568) | -           |
| Less: Non-current portion or promissory notes             |      | -           | (5,000,000) |
| Current portion of receivables                            |      | 115,547,881 | 155,786,818 |

As at December 31, 2023 and 2022, all outstanding amount of receivables are collectible in cash, interest bearing and unguaranteed.

Movements in the allowance for ECL are summarized below:

|   | Note | 2023      | 2022 |
|---|------|-----------|------|
| Provision for impairment of receivables | 14   | 1,536,568 | -    |
| Balance at end of year                  |      | 1,536,568 | -    |

#### *Corporate notes*

Unsecured corporate notes outstanding as at December 31, 2023 and 2022 pertain to short-term corporate promissory notes issued by various entities, with terms of thirty-five days up to one year and earn interest ranging from 5.5% to 11.0% per annum.

#### *Promissory notes issued by financial institutions*

Unsecured promissory notes issued by various financial institutions with original terms ranging from two to ten years and earn interest ranging from 4% to 7% per annum.

In 2023, interest income earned from corporate notes and promissory notes issued by various financial institutions amounted to P8.10 million (2022 - P16.84 million) (Note 13).

*Critical accounting estimate: Provision for impairment of receivables*

Provision for impairment of receivables is maintained at a level considered adequate to provide for uncollectible receivables. Expected credit losses (ECL) on receivables are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Company has used relevant historical information and loss experience to determine the probability of default of the receivables and incorporated forward-looking information, including significant changes in external market indicators which involved significant estimates and judgements.

Management believes, based on its assessment that the carrying amount of receivables as at each reporting period is recoverable.

#### **4 Assets held for sale**

In 2023, the Company obtained equipment and furniture valued at P10,150,450 as a form of repayment of its notes receivable from one of its debtors. These assets were obtained with the intention to sell to its affiliate companies and is expected to be completed within the next 12 months. As such, these were classified as non-current assets held for sale in the statement of financial position. The assets were measured at the lower of carrying amount and fair value less cost to sell at the time of recognition and as a result, an impairment loss of P1,150,790 was recognized (Note 14).

As at December 31, 2023, the carrying amount of the assets held for sale is P8,999,710.

In 2023, for purposes of statements of cash flows reporting, the exchange of equipment and furniture, and notes receivable amounting to P10,150,450 is considered a non-cash operating and investing activity.

#### **5 Other non-current assets**

Other non-current assets as at December 31 consist of:

|                                  | 2023             | 2022             |
|----------------------------------|------------------|------------------|
| Creditable withholding tax (CWT) | 4,131,273        | 1,365,769        |
| Input value-added tax (VAT)      | 3,916,045        | 1,846,420        |
|                                  | <b>8,047,318</b> | <b>3,212,189</b> |

*Critical accounting judgement: Recoverability of CWT and input VAT*

The Company reviews at each reporting date whether there is any objective evidence that the Company's CWT and input VAT is impaired. In making this judgment, the Company evaluates its revenues and taxable income forecasts against which the CWT and input VAT can be applied. Management believes that the carrying amount of input VAT as at each reporting period will be utilized and can be applied against output VAT payable arising from other income.

CWT is recognized to the extent that it is probable that future tax liabilities will be available against which tax credits can be utilized. Determining the realizability of creditable withholding taxes requires the assessment of the availability of taxable profit expected to be generated from the operations which effectively drives the tax liabilities against which such creditable taxes can be applied.

Management believes that the carrying amount of CWT as at each reporting date is recoverable.

## 6 Financial assets at FVOCI

Financial assets at FVOCI as at December 31 consist of:

|                                    | 2023               | 2022               |
|------------------------------------|--------------------|--------------------|
| <b>Investments in:</b>             |                    |                    |
| Quoted shares                      | 580,377,590        | 572,150,436        |
| Quoted shares of stocks            | 181,171,339        | 225,412,953        |
| Unit investment trust funds (UITF) | 111,514,387        | 115,099,899        |
| Club memberships                   | 9,300,000          | 7,950,000          |
| Unquoted shares of stocks          | 30,000,000         | 30,000,000         |
|                                    | <b>912,363,316</b> | <b>950,613,288</b> |

Movements of financial assets at FVOCI for the years ended December 31 are as follows:

|  | Cost          | Fair value<br>reserve | Carrying value      |
|--|---------------|-----------------------|---------------------|
| At January 1, 2022                     | 1,003,776,328 | 22,822,029            | 1,026,598,357       |
| Acquisitions                           | 260,333,213   | -                     | 260,333,213         |
| Disposals                              | (282,202,595) | (4,637,900)           | (286,840,495)       |
| <u>Unrealized gain credited to OCI</u> | <u>-</u>      | <u>(49,477,787)</u>   | <u>(49,477,787)</u> |
| At December 31, 2022                   | 981,906,946   | (31,293,658)          | 950,613,288         |
| Acquisitions                           | 280,073,815   | -                     | 280,073,815         |
| Disposals                              | (313,176,566) | 3,909,195             | (309,267,371)       |
| <u>Unrealized gain credited to OCI</u> | <u>-</u>      | <u>(9,056,416)</u>    | <u>(9,056,416)</u>  |
| At December 31, 2023                   | 948,804,195   | (36,440,879)          | 912,363,316         |

The movements in fair value reserve on FVOCI included in the statements of financial position in equity for the years ended December 31 are as follows:

|   | 2023         | 2022         |
|---|--------------|--------------|
| Beginning balance   | (31,293,658) | 22,822,029   |
| Fair value changes recorded in OCI  | (9,056,416)  | (49,477,787) |
| Reclassification of cumulative fair value changes from OCI to profit or loss on disposal of debt instruments at FVOCI | 2,540,681    | (335,769)    |
| Transfer from other reserves directly to retained earnings of loss (gain) on disposal of equity instruments at FVOCI  | 1,368,514    | (4,302,131)  |
| Ending balance  | (36,440,879) | (31,293,658) |

Interest income earned from financial assets at FVOCI in 2023 amounted to P25.3 million (2022 - P23 million) (Note 13).

Dividend income earned from financial assets at FVOCI in 2023 amounted to P10.0 million (2022 - P12.6 million) (Note 13).

For the year ended December 31, 2023, realized loss on sale of debt instruments at FVOCI recognized directly to profit or loss amounted to P2,540,681 (2022 - P335,769 gain).

For the year ended December 31, 2023, realized loss on sale of equity instruments at FVOCI recognized directly to retained earnings amounted to P1,368,514 (2022 - P4,302,131 gain).

The fair values of these financial assets are determined based on quoted market bid prices at the close of business as at reporting date since most of these are actively traded in an organized financial market. The fair value measurement of the financial assets at FVOCI is classified as Level 1 (Quoted bonds, shares of stock and club memberships) and level 2 (UITF) and Level 3 (unquoted shares of stock).

*Critical accounting estimate: Fair value of financial instruments*

Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models that primarily uses as inputs market based or independently sourced market parameters. The Company's financial assets at FVOCI as at December 31, 2023 and 2022 comprise primarily of equity and debt securities traded in the Philippine Stock Exchange (PSE) which has an active market, wherein securities are traded or can be bought and sold. Financial assets at FVOCI measured using Level 2 and Level 3 inputs are not material.

The sensitivity analysis on the reasonable possible changes in market prices of the Company's securities is disclosed in Note 21.

**7 Investment in a subsidiary**

Investment in a subsidiary as at December 31, 2023 and 2022 represent 100% equity shares in Philcomsat Management Enterprises, Inc. (PMEI) with a total investment cost of P25,000,000.

PMEI is engaged in providing business management services, business conceptualization, and allied services, including acquiring, holding and operating businesses.

There are no guarantees extended by the Company to the subsidiary.

*Critical accounting judgement: Recoverability of investment in a subsidiary*

The Company's investment in subsidiary is carried at cost. The carrying value is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in those assessment and judgment could have a significant effect on the carrying value of investment in a subsidiary and the amount and timing of recorded provision for any period.

Management believes that there are no other events or changes in circumstances indicating that the carrying amounts of the investments in a subsidiary as at each reporting dates may not be recoverable.

**8 Investment property**

On December 29, 2023, the Company obtained nine parcels of land through dacion en pago with a related party amounting to P335,615,126 and covering three hundred eighty-three thousand nine hundred ninety-nine (383,999) square meters located at Ibis, Bagac, Bataan (Note 16). The land's title is currently being processed for transfer to the name of PHC.

Level 2 fair values of investment properties have been derived using the market approach. In using the market approach, the value of the investment property is based on recorded sales and listings (or asking prices) of comparable property registered within the vicinity amounted to P383,999,000 (2022 - nil). Management developed these estimates on the basis of recorded sales and listing (or asking prices) of comparable properties registered within the vicinity of the respective land properties. The most significant input into this valuation approach is the zonal value price per square foot.

The investment property was not pledged as security for any liabilities as at each reporting period.

*Critical accounting judgement: Recoverability of investment property*

The Company's investment property is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. On a regular basis, management determines if there are triggering events or impairment indicators based on current circumstances. An impairment loss is recognized whenever evidence exists that the carrying value is not recoverable.

As at each reporting period, Management believes, based on its assessment and judgment, that there are no indications of impairment or changes in circumstances indicating that the carrying amount of its investment property may be impaired.

## 9 Property and equipment, net

Property and equipment, net as at December 31 consist of:

|                                      | Transportation equipment | Furniture and fixtures | Office equipment | Total       |
|--------------------------------------|--------------------------|------------------------|------------------|-------------|
| At January 1, 2022                   |                          |                        |                  |             |
| Cost                                 | 5,011,638                | 3,486,626              | 508,030          | 9,006,294   |
| Accumulated depreciation             | (5,009,608)              | (3,486,626)            | (508,030)        | (9,004,264) |
| Net carrying value                   | 2,030                    | -                      | -                | 2,030       |
| For the year ended December 31, 2022 |                          |                        |                  |             |
| Opening carrying value               | 2,030                    | -                      | -                | 2,030       |
| Addition                             | -                        | -                      | 26,518           | 26,518      |
| Depreciation expense (Note 14)       | (2,030)                  | -                      | (3,683)          | (5,713)     |
| Closing net carrying value           | -                        | -                      | 22,835           | 22,835      |
| At January 1, 2023                   |                          |                        |                  |             |
| Cost                                 | 5,011,638                | 3,486,626              | 534,548          | 9,032,812   |
| Accumulated depreciation             | (5,011,638)              | (3,486,626)            | (511,713)        | (9,009,977) |
| Net carrying value                   | -                        | -                      | 22,835           | 22,835      |
| For the year ended December 31, 2023 |                          |                        |                  |             |
| Opening carrying value               | -                        | -                      | 22,835           | 22,835      |
| Depreciation expense (Note 14)       | -                        | -                      | (8,840)          | (8,840)     |
| Closing net carrying value           | -                        | -                      | 13,995           | 13,995      |
| At December 31, 2023                 |                          |                        |                  |             |
| Cost                                 | 5,011,638                | 3,486,626              | 534,548          | 9,032,812   |
| Accumulated depreciation             | (5,011,638)              | (3,486,626)            | (520,553)        | (9,018,817) |
| Net carrying value                   | -                        | -                      | 13,995           | 13,995      |

## 10 Trade and other payables

Trade and other payables as at December 31 consist of:

|                                 | 2023      | 2022      |
|---------------------------------|-----------|-----------|
| Trade payables                  | 3,141,150 | 2,379,089 |
| Payables to government agencies | 3,043,488 | 1,260,553 |
| Customer deposits               | -         | 1,237,873 |
|                                 | 6,184,638 | 4,877,515 |

Trade payables are non-interest bearing and are normally settled on a 30-day credit term.

Customer deposits pertains to rental deposits received from the lessee of condominium units and parking slots which were sold in 2018. In 2023, the Company wrote off customer deposits amounting to P1,237,873 (2022 - nil) (Note 13).

## 11 Lease commitments

### *The Company as a lessee*

The Company has a lease agreement with Philcomsat for its office space for a term of two years subject to renewal under mutual agreement of both parties from January 1, 2019 to December 31, 2020.

On January 1, 2021, the lease contract was renewed for another 2 years until December 31, 2022. The annual rent is subject to escalation fee of 5%.

In 2023, the Company entered a new contract of lease with Philcomsat for its office space for a term of two years from January 1, 2023 to December 31, 2024 which is renewable for such period as both parties may agree after expiration of the contract.

(i) *Amounts recognized in the statements of financial position*

Movements in the ROU asset as at December 31 are presented below:

|                                | Note | 2023        | 2022        |
|--------------------------------|------|-------------|-------------|
| Net carrying amount, beginning |      | -           | 1,335,788   |
| Additions                      |      | 2,831,920   | -           |
| Depreciation                   | 14   | (1,415,960) | (1,335,788) |
| Net carrying amount, ending    |      | 1,415,960   | -           |

Details of ROU asset as at December 31 are as follows:

|                          | 2023        | 2022        |
|--------------------------|-------------|-------------|
| Cost                     | 2,831,920   | 3,826,082   |
| Accumulated depreciation | (1,415,960) | (3,826,082) |
|                          | 1,415,960   | -           |

Movements in the lease liability as at December 31 are presented below:

|                   | 2023        | 2022        |
|-------------------|-------------|-------------|
| Beginning balance | -           | 1,379,055   |
| Additions         | 2,831,920   | -           |
| Interest expense  | 117,625     | 13,671      |
| Payments          | (1,462,361) | (1,392,726) |
| Ending balance    | 1,487,184   | -           |

Total cash outflows for the payment of lease liability for the year ended December 31, 2023 amounted to P1,462,361 (2022 - P1,392,726).

Future minimum lease payments under lease liability and the net present value of the minimum lease payments as at December 31 follows:

|   | 2023      | 2022 |
|---|-----------|------|
| Not later than one year                         | 1,535,480 | -    |
| Less: future finance charges on lease liability | (48,296)  | -    |
|   | 1,487,184 | -    |

(ii) *Amounts recognized in the statements of total comprehensive income*

The statements of total comprehensive income for the years ended December 31 show the following amounts relating to leases:

|                             | Note | 2023      | 2022      |
|-----------------------------|------|-----------|-----------|
| Depreciation on ROU asset   | 14   | 1,415,960 | 1,335,788 |
| Interest on lease liability |      | 117,625   | 13,671    |

*Critical accounting estimate: Determining the incremental borrowing rate*

To determine the incremental borrowing rate, the Company uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. Where third party financing cannot be obtained, the Company uses the government bond yield, adjusted for the (1) credit spread specific to each entity under the Company and (2) security using the right-of-use asset.

*Critical accounting judgment: Determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

## **12 Equity**

*Share capital*

Details of share capital as at December 31, 2023 and 2022 are as follows:

|   | Number of shares | Amount        |
|---|------------------|---------------|
| Common shares at P1 par value per share   |                  |               |
| Authorized shares                         | 1,000,000,000    | 1,000,000,000 |
| Subscribed, issued and outstanding shares | 996,391,254      | 996,391,254   |

Of the total authorized share capital, sixty million (60,000,000) shares are listed at the Philippine Stock Exchange (PSE).

Each common share confers upon a common shareholder: a) the right to vote at any shareholders' meeting or on any resolution of the shareholders; and b) the right to distribution of income under such terms and conditions as the BOD may approve. All holders of common shares shall have pre-emptive rights to acquire new shares to be issued by the Parent Company.

*Dividends declaration*

During the meeting of the Company's BOD held on November 21, 2022, the Company's BOD approved the declaration and distribution of a special cash dividend of P0.05 per share to all stockholders of record as of December 7, 2022 (or a total of P49,819,563), to be paid not later than January 5, 2023.

## **13 Income**

Income for the years ended December 31 are as follows:

|                      | Note | 2023       | 2022       |
|----------------------|------|------------|------------|
| Interest income      |      | 36,012,976 | 40,753,336 |
| Dividend income      |      | 10,001,334 | 12,580,363 |
| Miscellaneous income | 10   | 1,105,244  | -          |
|                      |      | 47,119,554 | 53,333,699 |

Interest income included in revenue is earned from the following:

|                           | Notes | 2023       | 2022       |
|---------------------------|-------|------------|------------|
| Cash and cash equivalents | 2     | 2,632,613  | 950,741    |
| Receivables               | 3     | 8,102,129  | 16,844,594 |
| Financial assets at FVOCI | 6     | 25,278,234 | 22,958,001 |
|                           |       | 36,012,976 | 40,753,336 |

## 14 Operating expenses

Operating expenses for the years ended December 31 are as follows:

|   | Notes | 2023       | 2022       |
|---|-------|------------|------------|
| Professional fees                       |       | 9,472,666  | 10,771,531 |
| Directors' fees                         | 16    | 3,425,000  | 3,600,000  |
| Outside services                        |       | 3,137,717  | -          |
| Representation and entertainment        |       | 2,948,410  | 2,885,185  |
| Transportation and travel               |       | 2,439,129  | 3,136,130  |
| Bank charges                            |       | 1,710,838  | 1,517,209  |
| Provision for impairment of receivables | 3     | 1,536,568  | -          |
| Depreciation of ROU asset               | 11    | 1,415,960  | 1,335,788  |
| Impairment of assets held for sale      | 4     | 1,150,790  | -          |
| Legal fees                              |       | 814,196    | 799,032    |
| Taxes and licenses                      |       | 319,789    | 295,574    |
| Advertising                             |       | 296,339    | 594,164    |
| Depreciation                            | 9     | 8,840      | 5,713      |
| Others                                  |       | 1,095,046  | 1,062,587  |
|   |       | 29,771,288 | 26,002,913 |

## 15 Income tax

### Income tax expense

The components of income tax (benefit) expense for the years ended December 31 are as follows:

|          | 2023        | 2022    |
|----------|-------------|---------|
| Current  | 210,240     | 184,157 |
| Deferred | (1,545,974) | 747,308 |
|          | (1,335,734) | 931,465 |

The reconciliation of the income tax benefit computed at statutory tax rate to provision for income tax for the year ended December 31 are as follows:

|   | 2023        | 2022        |
|---|-------------|-------------|
| Income tax at statutory tax rate of 25%                   | 3,613,683   | 8,459,195   |
| Add (deduct) tax effects of:                              |             |             |
| Interest income already subjected to final tax            | (7,330,773) | (6,383,083) |
| Derecognition of net operating loss carryover (NOLCO)     | 2,558,206   | 1,227,801   |
| Dividend income subject to final tax                      | (2,500,334) | (3,145,091) |
| Change in unrecognized deferred income tax assets         | 671,839     | -           |
| Non-deductible expenses                                   | 806,235     | 672,428     |
| Tax expense from minimum corporate income tax (MCIT)      | 210,240     | 184,157     |
| Realized loss (gain) on sale of debt instruments at FVOCI | 635,170     | (83,942)    |
|   | (1,335,734) | 931,465     |

### Deferred income tax

Unrecognized DIT assets as at December 31 represent the following:

|   | 2023       | 2022       |
|---|------------|------------|
| NOLCO   | 13,049,757 | 10,491,551 |
| MCIT  | 508,289    | 425,888    |
| Provision for impairment of receivables         | 384,142    | -          |
| Provision for impairment of asset held for sale | 287,697    | -          |
|   | 14,229,885 | 10,917,439 |

As at December 31, 2022, the Company recognized DIT liability arising from unrealized foreign exchange gain amounting to P1,545,974.

*Net operating loss carryover (NOLCO)*

The Republic Act No. 9337 (the “Act”) provided the NOLCO privilege which can be carried over as a deduction for the three succeeding taxable years immediately following the year such loss was incurred.

In 2020, pursuant to Section 4 (bbbb) of Bayanihan II and as implemented under RR 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five consecutive taxable years following the year of such loss.

Details of unrecognized NOLCO and the related unrecognized DIT assets at December 31 are as follows:

| Year incurred   | Year of expiration | 2023              | 2022              |
|-----------------|--------------------|-------------------|-------------------|
| 2020            | 2025               | 16,289,059        | 16,289,059        |
| 2021            | 2026               | 20,758,171        | 20,758,171        |
| 2022            | 2025               | 4,918,973         | 4,918,973         |
| 2023            | 2026               | 10,232,824        | -                 |
| <b>Subtotal</b> |                    | <b>52,199,027</b> | <b>41,966,203</b> |
| <b>Tax rate</b> |                    | <b>25%</b>        | <b>25%</b>        |
|                 |                    | <b>13,049,757</b> | <b>10,491,551</b> |

*Minimum corporate income tax (MCIT)*

As provided under the Act, the Company shall pay the minimum corporate income tax (MCIT) or regular corporate income tax (RCIT), whichever is higher. Any excess of MCIT over the RCIT shall be carried forward on an annual basis and credited against RCIT for the next three succeeding taxable years. MCIT shall be imposed beginning on the fourth taxable year immediately following the taxable year in which such corporation started its business operations.

On March 26, 2021, Republic Act No. 11534, was signed into law. Under this law, effective July 1, 2020, the MCIT rate was reduced from two percent (2%) to one percent (1%) until June 30, 2023.

Effective July 1, 2023, the MCIT rate reverted to its original 2% based on the taxpayers gross income. For taxable year 2023, a two-tiered MCIT rate applies: 1% for the period January 1 to June 30, 2023 and 2% for the period July 1 to December 31, 2023.

In March 2024, Revenue Memorandum Circular No. 36-2024 issued by the Bureau of Internal Revenue (BIR) provided a clarification in manner of computing the MCIT for taxable year 2023. For taxpayers with calendar year ends, the MCIT rate to be used is 1.50% in 2023.

Details of unrecognized MCIT as at December 31 are as follows:

| Year incurred       | Year of expiration | 2023             | 2022           |
|---------------------|--------------------|------------------|----------------|
| 2020                | 2023               | 127,839          | 127,839        |
| 2021                | 2024               | 113,892          | 113,892        |
| 2022                | 2025               | 184,157          | 184,157        |
| 2023                | 2026               | 210,240          | -              |
|                     |                    | 636,128          | 425,888        |
| <b>Expired MCIT</b> |                    | <b>(127,839)</b> | <b>-</b>       |
|                     |                    | <b>508,289</b>   | <b>425,888</b> |

Realization of future tax benefit related to DIT assets is dependent on the Company’s ability to generate future taxable income during the periods in which these are expected to be recovered. The Company has considered these factors in reaching a conclusion as to the amount of DIT assets recognized as at each reporting period and regularly reviews the recoverability of the DIT assets to be recognized.

## 16 Related party transactions

The table below summarizes the Company's transactions and balances with its related parties.

|                               | Terms and conditions   | Transactions |            | Balances          |             |
|-------------------------------|--|--------------|------------|-------------------|-------------|
|                               |  | 2023         | 2022       | Due from (due to) | 2023        |
| Notes receivable              |  |              |            |                   |             |
| Parent company                | Unsecured note, due on demand and bears interest of 5% to 7% per annum. Amounts are payable in cash on a gross basis.  | -            | -          | -                 | 20,000,000  |
| Principal                     |  |              |            |                   |             |
| Interest                      | Interest bearing, unsecured, with no guarantee.  | -            | 1,000,000  | -                 | 2,000,000   |
| Entities under common control |  |              |            |                   |             |
| Principal                     |  | 8,000,000    | -          | 56,805,002        | 48,805,002  |
| Interest                      |  | 3,021,025    | 148,210    | 4,021,415         | 5,783,402   |
|                               |  | 11,021,025   | 1,148,210  | 60,826,417        | 76,588,404  |
| Advances                      |  |              |            |                   |             |
| Parent company                | These are advances made by the related party for various project related expenses.   | 211,867      | 78,425,813 | 211,867           | 253,389,707 |
| Principal                     |  | -            | 9,570,207  | -                 | 13,356,249  |
| Interest                      |  |              |            |                   |             |
| Entities under common control | Amounts are payable in cash on a gross basis. These are unsecured, unguaranteed interest bearing and due on demand.  | -            | 3,085,478  | 6,726,316         | 6,832,566   |
| Principal                     |  | 347,085      | 19,819     | 991,280           | 610,975     |
| Interest                      |  | 558,952      | 91,101,317 | 7,929,463         | 274,189,497 |
| Due to related parties        |  |              |            |                   |             |
| Ultimate Parent Company       | These are advances made by the related party for various project related expenses.   | (28,344,614) | -          | (28,344,614)      | -           |
| Entities under common control | Amounts are payable in cash on a gross basis. These are unsecured, non-interest bearing and due on demand.   | (18,550,738) | -          | (18,550,738)      | -           |
|                               |  | (46,895,352) | -          | (46,895,352)      | -           |
| Extinguishment of debt        |  |              |            |                   |             |
| Parent Company                | On December 29, 2023, the Company and its Parent Company executed a deed of assignment of land by way of dacion en pago.   | 22,000,000   | -          | -                 | -           |
| Notes receivables             |  | 266,851,569  | -          | -                 | -           |
| Advances                      | In the agreement, the Parent Company assigned nine parcels of land to the Company in satisfaction of P335,578,155 debt. The land is located in Bagac, Bataan with a total area of 383,999 sqm valued at P335,615,126. The agreement resulted in P36,971 gain. The extinguishment is considered a non-cash operating and investing activity for purposes of statements of cash flows reporting. |              |            |                   |             |

|  | Terms and conditions   | Transactions |           | Balances<br>Due from (due to) |            |
|--|--|--------------|-----------|-------------------------------|------------|
|  |  | 2023         | 2022      | 2023                          | 2022       |
| Future stock subscription<br>Parent Company        | <p>As discussed in Note 1.1, the Company's Board of Directors (BOD) confirmed and ratified its previous resolution increasing the authorized capital stock of the Company. Consequently, the Company received P18,894,000 as deposit for future stock subscription.</p> <p>As discussed in Note 1.1, as at each report date, the resolution to increase the Company's authorized capital stock is awaiting ratification by the stockholders and pending application with SEC, hence recorded as deposit for future stock subscription and is presented within non-current liabilities.</p> | -            | -         | 18,894,000                    | 18,894,000 |
| Leases<br>Parent Company                           | <p>The Company has a lease agreement with the Parent Company for the rent of its office space located at the 12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City. The lease term is for two years and is renewable under mutual agreement of both parties. Transactions during the year pertains to the total lease payments made during the year.</p> <p>Amounts are payable in cash on a gross basis. These are unsecured, unguaranteed, non-interest bearing and due on demand.</p>  | 69,636       | 1,392,725 | 1,462,361                     | -          |
| Expense recharges<br>Entities under common control | <p>These are recharges made by a related party for association dues and utilities taxes paid by the related party on behalf of the Company. These are billed at cost.</p> <p>Amounts are payable in cash on a gross basis. These are unsecured, unguaranteed, non-interest bearing and due on demand.</p>  | 358,442      | 251,781   | -                             | -          |

|                             | Terms and conditions   | Transactions |           | Balances<br>Due from (due to) |         |
|-----------------------------|--|--------------|-----------|-------------------------------|---------|
|                             |  | 2023         | 2022      | 2023                          | 2022    |
| Professional fees           |  |              |           |                               |         |
| Entity under common control | The Company entered into an agreement with PSTI to avail of their services as stock transfer agent.<br><br>Amounts are payable in cash on a gross basis. These are unsecured, unguaranteed, non-interest bearing and due on demand.  | 200,340      | 180,000   | -                             | 180,000 |
| Key management compensation |  |              |           |                               |         |
| Director's fees (Note 14)   | Key management compensation of the Company consists only of directors' fees.<br><br>The Company does not have amounts receivables from/payables to key management personnel arising from the above agreement as at December 31, 2023 and 2022.<br><br>The Company does not have any regular employees. The accounting and management services are under the management of Philcomsat, its ultimate parent company. | 3,425,000    | 3,600,000 | -                             | -       |

## 17 Earnings per share

Basic/diluted earnings per share for the years ended December 31 as follows:

|   | 2023        | 2022        |
|---|-------------|-------------|
| Profit for the year                           | 15,790,466  | 32,905,315  |
| Weighted average number of shares outstanding | 996,391,254 | 996,391,254 |
|   | 0.0158      | 0.0330      |

## 18 Civil cases

An action was filed in the Sandiganbayan by a group claiming to be directors and officers of POTC and Philcomsat seeking to enjoin the present directors and officers of POTC and Philcomsat from representing themselves as directors and officers and representatives of the Parent Company. The Parent Company sought the dismissal of the complaint against it on the ground that it is not a real party-in-interest since the injunction being sought is not directed against it. The Sandiganbayan issued a decision dismissing the case. The group alleging that they are the POTC and Philcomsat board of directors, however, appealed the case with the Supreme Court (SC) on November 10, 2008. The SC consolidated this case with three other cases.

On July 3, 2013, the SC in GR Nos. 184622, 184712-14, 186066 and 186590 ruled in favor of the Bildner Group and declared the Bildner Group as the legitimate board of directors of the Parent Company. The July 3, 2013 Decision attained finality on October 23, 2013 when the SC issued a Resolution denying the Motions for Reconsideration filed by the opposing parties. On March 27, 2014, the July 23, 2013 Decision has become final and executory.

The Parent Company also filed cases for the recovery of advances made by former directors and officers of the Parent Company. These cases are now pending resolution with the Department of Justice (DOJ).

## 19 Litigation

The following cases were filed by the Company to recover assets allegedly withdrawn or misappropriated by the former officers:

- Philippine Communications Satellite Corporation against Philcomsat Holdings Corp. (PHC and former directors), Luis Lokin Jr., Enrique Locsin and Philip Brodett (Locsin Group)

PHC, through the valid and incumbent directors (Bildner Group) filed a Motion for Issuance of Writ of Execution with the Regional Trial Court (RTC) of Makati Branch 138 as court of origin, following the final resolution of SC declaring the election of Locsin Group as PHC's officers and directors. Accordingly, the SC ordered the Locsin Group to render an accounting and return of funds allegedly received from the Company. An Order granting the Motion was issued on February 20, 2017, resulting to the issuance of the Writ of Execution on February 28, 2017. On January 9, 2018, PHC filed a manifestation for the implementation of the Writ of Execution.

On February 9, 2018, an Order was issued directing PHC, within thirty (30) days from receipt, to submit its preferred accounting firm who will conduct the accounting of all funds and other assets received from POTC, PHC and Philcomsat since September 2004. On February 22, 2018, PHC filed its Ex-Parte Manifestation and Motion, in compliance with the said Order.

On July 11, 2018, the Sheriff of the Office of the Clerk of Court of Makati served the Writ of Execution to Manuel Andal, Benito Araneta, Philip Brodett, Enrique Locsin, Concepcion Poblador and Johnny Tan. On June 6, 2019, PHC filed an Ex-Parte Motion to Resolve the pending motion to appoint Virgilio R. Santos as the auditing accounting firm for the execution of the SC Decision dated July 3, 2013 issued in GR Nos. 184622, 184712-14, 186066 and 186590. There was a status conference held in this case on December 13, 2019 where the Court required the defendants to provide a name of their selected accountant to move forward with the audit. The defendants failed or refused again to comply, so the Court is likely to appoint Philcomsat's proposed accountant, Virgilio R. Santos, to do the audit. On May 18, 2022, Philcomsat filed an Ex-Parte Motion to Resolve praying that an Order be issued allowing VRS to commence the accounting of corporate funds received, utilized and disbursed by all the defendants and their assigns, which the Court granted in its Order of June 3, 2022. However, VRS has already retired. The issue of who would render the audit remains unsolved.

On May 2, 2017, the Presidential Commission on Good Government (PCGG) and Locsin filed with the Court of Appeals (CA) a Petition for Certiorari and Prohibition with Very Urgent Prayer for Issuance of Temporary Restraining Order and/or Writ of Preliminary Injunction assailing the Order dated February 20, 2017 issued by the RTC. On January 30, 2018, the CA issued a Decision dismissing the Petition. On February 22, 2018, PCGG and Locsin filed their Motion for Reconsideration with Motion to Exclude the PCGG from the instant Petition, which are both denied in a Resolution dated June 27, 2018.

On August 8, 2018, PCGG filed its Motion for Reconsideration on the denial of its Motion for Exclusion. On October 29, 2018, Philcomsat filed its Opposition thereto.

Meanwhile, PCGG and Locsin filed a Petition for Review with the Supreme Court (SC) questioning the Decision issued by the CA dated January 30, 2018, which dismissed their Appeal. Philcomsat filed its comment thereto on November 6, 2018. PCGG filed its Reply on February 17, 2020.

Separately, Brodett filed his Petition for Certiorari under Rule 65 with the CA assailing the Order issued by the RTC, which denied his Motion for Clarification on the issue of rendering an accounting of the funds. The CA denied his Petition on the ground that clarification may only be allowed if the order involves a clerical error but not when it is an alleged erroneous judgment or dispositive portion of the decision. Since Brodett's Motion for Clarification was raised questioning the grant of a writ of execution, the CA held that it cannot be subject of a motion for clarification.

On December 15, 2017, the CA's dismissal was issued and the case was considered terminated. Brodett still filed his Motion for Reconsideration, which was denied on May 10, 2018. Brodett elevated the matter to the SC via Petition for Review but the SC denied the same in a Resolution dated August 29, 2018.

On December 7, 2022, the Court issued a Resolution requiring the parties to file their respective memoranda. Philcomsat filed its Memorandum on March 10, 2023.

- Complaint for collection against Araneta and Lokin

On May 26, 2010, a complaint for collection of sum of money and damages, with an application for a Writ of Preliminary Attachment dated May 24, 2010 was filed by the Company against Benito Araneta and Luis Lokin Jr., former directors of the Company for an alleged personal back to back loans with Bankwise procured by Araneta using the Company's funds as collateral, with the help of Lokin, in the amount of P35.3 million.

On February 2, 2017, a Decision was issued finding Araneta and Lokin liable to pay PHC: a) actual damages in the sum of P31.5 million plus legal interest of 6% computed from May 26, 2010, the time of judicial demand until fully paid; b) P200,000 as and by way of exemplary damages; and c) P200,000 as and by way of attorney's fees, plus costs of suit.

Araneta and Lokin filed their Notices of Appeal on September 6 and September 8, 2017, respectively. On January 16, 2018, the Court of Appeals (CA) required defendants to file Appellant's Brief within 45 days from receipt thereof. On April 20, 2018 and May 7, 2018, PHC received Lokin and Araneta's Appellant's Briefs, respectively. On June 5, 2018, PHC filed its Appellee's Brief.

On September 18, 2018, PHC filed a Compliance submitting proof of service of its Appellee's Brief to defendants in accordance with the CA's Resolution dated July 2, 2018. On April 25, 2019, the CA issued a Decision granting Araneta's appeal.

On May 30, 2019, PHC filed its Motion for Reconsideration of the said Decision. On July 11, 2019, Araneta filed his Comment thereto, in accordance with the Resolution dated June 6, 2019 issued by the CA to file the same.

On October 24, 2019, the Court of Appeal issued a Resolution denying PHC's Motion for Reconsideration. On November 26, 2019, PHC elevated the case to the Supreme Court via Petition for Review on Certiorari under Rule 45. On March 9, 2020, Araneta filed his Comment.

- Criminal complaint against Brodett and Bankwise Officers using spurious bank accounts for company's deposits

On May 8, 2008, the Company filed a criminal complaint for estafa for misappropriation of corporate funds against Brodett, a former director of the Company, and certain officers of Bankwise. The complaint alleged that the unauthorized deposits, withdrawals and transfers of the Company's funds in the amount of P66.8 million was processed through spurious bank accounts and involved the comingling and transfer of funds between the Company's accounts and certain personal accounts.

On June 14, 2016, an Order was issued allowing Brodett to present his defense only with respect to the P27.0 million and P9.3 million which allegedly came from PHC funds and not in the whole amount of P66.8 million. On July 1, 2016, a Motion for Reconsideration of the said Order was filed by the Private Prosecutor (Parent Company).

On August 30, 2016, the Private Prosecutor (Parent Company) filed a Reply to Brodett's Comment/Opposition dated August 25, 2016. After the presentation of defense evidence has already been concluded on June 5, 2018, the accused filed their Formal Offer of Evidence, which was partially admitted by the Court on August 28, 2018.

On February 21, 2020, the Court promulgated its judgment finding accused Brodett guilty for the crime of theft, sentencing him to the penalty of imprisonment for a minimum period of four (4) years, two (2) months, one (1) day, to a maximum period of sixteen (16) years and 4 months. He was also found civilly liable to pay PHC the amount of P14,235,700, with legal interest of 12% per annum from April 11, 2008 until June 30, 2013 and the total obligation plus 6% legal interest from July 1, 2013 until fully paid.

On March 3, 2020, Brodett filed his Motion for Partial Reconsideration of the Decision. On July 1, 2020, PHC filed its Consolidated Comment/Opposition thereto. In ruling Brodett's Motion for Reconsideration, the Court again promulgated the case on December 2, 2020 and affirmed Brodett's conviction. He then filed an appeal on 3 December 2020.

- Criminal complaint against Araneta for non-return of PHC deposits

A criminal complaint for estafa was filed against Araneta for money market placements amounting to P65.0 million which allegedly were not returned to the Company. The case was dismissed on February 9, 2009 for lack of probable cause. The appeal filed on March 4, 2009 is still pending decision with the DOJ as at report date.

- Criminal complaint against Concepcion A. Poblador

A criminal complaint for estafa was filed against Ms. Poblador for allegedly receiving cash advances amounting to P14.5 million, which she failed to account for and return to the Company after formal demands. On February 9, 2009, the DOJ issued a Resolution directing the filing of an information against Ms. Poblador only for P0.2 million.

On January 7, 2014, the Company filed a Petition for Certiorari praying that the DOJ file new information against Ms. Poblador for estafa for the total amount of P16.7 million.

On January 10, 2014, the Company received a Petition for Certiorari filed by Ms. Poblador seeking the reversal of the Resolution directing the filing of an Information for estafa against her for P0.2 million. On August 29, 2014, the two petitions were consolidated.

On April 26, 2017, subsequent to the filing of the parties' respective Memoranda, the CA issued a Resolution requiring Ms. Poblador to file a Rejoinder to the Company's Reply (to the Memorandum of Poblador). In the meantime, the case was returned to "Completion State" pending the filing of the Rejoinder. Poblador filed her Rejoinder on June 1, 2017 under a Motion to Admit Attached Rejoinder. On November 29, 2017, Poblador filed a Manifestation adopting her previous Memorandum dated December 22, 2014 as her compliance with the Resolution dated October 11, 2017. The Office of the Solicitor General filed a Manifestation and Motion on November 24, 2017 asking that the DOJ Secretary be excused from filing a Memorandum. Based on the Resolution of the Court requiring the parties anew to file their respective Memorandum, PHC's (2nd) Memorandum was filed on December 13, 2017, within the extended period prayed for.

On June 14, 2019, the CA issued a Decision denying both PHC's and Ms. Poblador's Petitions for Certiorari. On July 5 and 11, 2019, both parties filed their respective Motions for Reconsideration. On July 24, 2019, PHC filed its Comment to Ms. Poblador's Motion for Reconsideration. On August 10, 2020, the CA issued a Resolution denying PHC and Ms. Poblador's Motions for Reconsideration. PHC decided not to pursue the case with the Supreme Court considering that the amount involved is already covered by the advances to affiliates case.

On November 3, 2020, Poblador filed her Petition for Review with the Supreme Court.

The Company is also involved in other litigations, claims and disputes which are normal to its business. Management believes that the ultimate liability, if any, with respect to these litigations, claims and disputes will not materially affect the financial position and financial performance of the Company.

## **20 Critical accounting estimates, assumptions, and judgments**

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

*(a) Critical accounting estimates and assumptions*

- Provision of impairment of receivables and due from related parties (Notes 3 and 16)
- Fair value of financial instruments (Note 6)
- Determining the incremental borrowing rate for leases (Note 11)

*(b) Critical accounting judgments in applying the Company's accounting policies*

- Recoverability of due from related parties (Note 16)
- Recoverability of input VAT and tax credits (Notes 5)
- Recoverability of investment in a subsidiary (Note 8)
- Recoverability of investment property (Note 8)
- Determining the lease term (Note 11)

## 21 Financial risk management and capital management

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Financial risk management is carried out by management under the direction of the BOD. Management identifies and evaluates financial risks in close cooperation with the Company's department heads. The BOD reviews and approves policies and procedures covering specific financial risk areas. These policies and procedures enable the Company's management to make strategic and informed decisions with regard to the operations of the Company.

The most important types of risk the Company manages are credit risk, market risk and liquidity risk. Market risk includes foreign exchange, interest and price risks. The Company has no significant financial assets and liabilities that are exposed to foreign exchange and interest risk.

### ***Components of financial assets and liabilities***

Details of the Company's financial assets as at December 31 are as follows:

|  | Notes | 2023          | 2022          |
|--|-------|---------------|---------------|
| Financial assets measured at amortized cost  |       |               |               |
| Cash and cash equivalents  | 2     | 111,132,301   | 71,513,941    |
| Receivables, gross   | 3     | 117,084,449   | 160,786,818   |
| Due from related parties   | 16    | 6,938,183     | 260,222,273   |
| Financial assets measured at fair value through other comprehensive income (FVOCI) | 6     | 912,363,316   | 950,613,288   |
|  |       | 1,147,518,249 | 1,443,136,320 |

Other current assets consist of advances subject for liquidation, hence not considered as financial assets.

Other non-current assets consist of CWT and input VAT which not considered as financial assets since they do not arise from contractual arrangements.

Details of the Company's financial liabilities as at December 31 are as follows:

|                                       | Notes | 2023       | 2022       |
|---------------------------------------|-------|------------|------------|
| Trade payables                        | 10    | 3,141,150  | 2,379,089  |
| Lease liability                       | 11    | 1,487,184  | -          |
| Dividends payable                     | 12    | 5,184,637  | 8,972,507  |
| Due to related parties                | 16    | 46,895,352 | -          |
| Deposit for future stock subscription | 16    | 18,894,000 | 18,894,000 |
|                                       |       | 75,602,323 | 30,245,596 |

Other payables consisting of customer deposits and payables to government agencies not arising from contractual arrangements are not considered as financial liabilities.

### ***Credit risk***

Credit risk refers to the risk that a counterparty will cause a financial loss to the Company by failing to discharge an obligation. Significant changes in the economy that may represent a concentration in the Company's business, could result to losses that are different from those provided for at reporting date. The Company enters into contracts only with recognized, credit-worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Company obtains guarantees where appropriate to mitigate credit risk.

Credit risk arises from cash deposits with banks and financial institutions, as well as credit exposure on receivables and amounts due from a related party.

There is no significant concentration of credit risk, whether through exposure to individual counterparties or specific industry sectors.

The maximum exposure to credit risk for the Company's financial assets are as follows:

|                           | Gross carrying amount | Net carrying amount | Internal credit rating | Basis for recognition of ECL |
|---------------------------|-----------------------|---------------------|------------------------|------------------------------|
| <i>December 31, 2023</i>  |                       |                     |                        |                              |
| Cash and cash equivalents | 111,126,201           | 111,126,201         | Performing             | 12-month ECL                 |
| Receivables               |                       |                     |                        |                              |
| Group 1                   | 115,547,881           | 115,547,881         | Performing             | 12-month ECL                 |
| Group 2                   | 1,536,568             | -                   |                        |                              |
| Due from related parties  | 6,938,183             | 6,938,183           | Performing             | 12-month ECL                 |
| Financial assets at FVOCI | 912,363,316           | 912,363,316         | Performing             | Not applicable               |
|                           | 1,147,512,149         | 1,145,975,581       |                        |                              |
| <i>December 31, 2022</i>  |                       |                     |                        |                              |
| Cash and cash equivalents | 71,513,941            | 71,513,941          | Performing             | 12-month ECL                 |
| Receivables               | 160,786,818           | 160,786,818         | Performing             | 12-month ECL                 |
| Due from related parties  | 260,222,274           | 260,222,274         | Performing             | 12-month ECL                 |
| Financial assets at FVOCI | 950,613,288           | 950,613,288         | Performing             | Not applicable               |
|                           | 1,443,136,321         | 1,443,136,321       |                        |                              |

Generally, receivables are written-off if collection cannot be made despite exhausting all extrajudicial and legal means of collection. The maximum exposure to credit risk at reporting date is the carrying value of the financial assets. The Company does not hold collateral as security.

#### *Cash and cash equivalents*

The Company has policies that limit the amount of credit exposure with financial institutions. All of the Company's cash in bank is deposited with a well-capitalized financial institution and reputable universal bank with strong financial standing. While cash in bank is also subject to requirements of PFRS 9, the expected credit loss is deemed immaterial.

#### *Receivables*

The Company has outstanding receivables from corporate notes and its related interest. The Company does not expect significant credit exposure on this receivable considering that these are short-term investments in promissory notes of reputable and listed institutions with good credit rating.

Credit quality of customers are classified as follows:

Group 1 - Customer and counterparty balances without history of default and assessed to be fully recoverable.

Group 2 - Individually assessed customer with defaults and which the Company no longer expects to recover the balance despite its collection efforts.

#### *Due from related parties*

Due from related parties arising from advances are collectible after 12 months. Expected credit losses are based on the assumption that repayment of balances outstanding will not be compromised considering these are receivables from entities under common control or parent company with no history of default.

Based on assessment of qualitative and quantitative factors that are indicative of the risk of default, including but not limited to, availability of accessible highly liquid asset and internal and external funding of a related party, Company has assessed that the outstanding balances are exposed to low credit risk. Expected credit losses on these balances have therefore been assessed to be insignificant.

None of the fully performing financial assets have been renegotiated during 2023 and 2022.

## **Liquidity risk**

The Company manages liquidity risk by maintaining sufficient cash to meet the Company's operational commitment and finance its operation and working capital requirements.

Prudent liquidity risk management implies maintaining sufficient cash, timely collection of receivables and availability of funding through an adequate amount of facilities. The Company aims to maintain flexibility in funding by keeping track of its cash collections from dividends. The Company may also obtain funding from its shareholders, as well from third-party banking institutions, as necessary, to finance its operations and working capital requirements.

The table below summarizes the undiscounted profile of the Company's financial liabilities based on contractual payments:

|                                       | Less than 12 months | More than 1 year | Total      |
|---------------------------------------|---------------------|------------------|------------|
| <b><u>At December 31, 2023</u></b>    |                     |                  |            |
| Trade payables                        | 3,141,150           | -                | 3,141,150  |
| Lease liability, gross                | 1,535,480           | -                | 1,535,480  |
| Dividends payable                     | 5,184,637           | -                | 5,184,637  |
| Due to related parties                | 46,895,352          | -                | 46,895,352 |
| Deposit for future stock subscription | 18,894,000          | -                | 18,894,000 |
|                                       | 75,650,619          | -                | 75,650,619 |
| <b><u>At December 31, 2022</u></b>    |                     |                  |            |
| Trade payables                        | 2,379,089           | -                | 2,379,089  |
| Dividends payable                     | 8,972,507           | -                | 8,972,507  |
| Deposit for future stock subscription | 18,894,000          | -                | 18,894,000 |
|                                       | 30,245,596          | -                | 30,245,596 |

## **Market risk**

### **Price risk**

The Company is exposed to equity securities price risk because of the Company's investments in financial assets at FVPL and financial assets at FVOCI which consist primarily of investment in listed and traded securities.

Equity price risk is the risk that the fair values of equity instruments recognized under financial assets at FVOCI decrease as the result of changes in the levels of equity indices and the value of individual stocks.

The Company measures the sensitivity of its investment securities by using PSE index (PSEi) fluctuations. The table below sets forth the impact of changes in PSEi in other comprehensive income in 2023 and 2022.

|      | Increase (decrease) in PSEi | Increase (decrease) in other comprehensive income |
|------|-----------------------------|---|
| 2023 | 11%<br>(7%)                 | 19,313,028<br>(13,377,391)                        |
| 2022 | 15%<br>(13%)                | 33,841,175<br>(29,765,729)                        |

The sensitivity of the equity is the effect of the assumed changes in the PSEi on the net unrealized gain (loss) for the year, based on the adjusted beta rate of equity securities as at December 31, 2023 and 2022.

The reasonable possible changes in the market price of investments were determined based on Company's analysis of the movement in share prices for the next 30 days from the close of the financial year.

#### *Foreign currency exchange risk*

The Company is exposed to foreign currency exchange risk arising from currency exposures, primarily with respect to the US Dollar. Foreign currency exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency.

The Company's foreign-currency denominated financial instrument consists of cash in banks and cash equivalents as at December 31, 2023 totaling US\$586,634 (2022 - US\$111,360). The Company's exposure to foreign currency risk is insignificant.

#### *Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. As at December 31, 2023 and 2022, the Company has repriceable financial assets, specifically investments in quoted bonds classified as financial assets at FVOCI. Accordingly, the Company is subject to fair value interest rate risk.

The Company measures the sensitivity of its investment securities by using PHP BVAL reference rate fluctuations. The table below sets forth the impact of changes in PHP BVAL in the Company's other comprehensive income in 2023 and 2022.

|      | Increase (decrease) in<br>PHP BVAL | Increase (decrease) in other<br>comprehensive income |
|------|------------------------------------|--|
| 2023 | 14%<br>(5%)                        | 81,643,390<br>(28,957,310)                           |
| 2022 | 9%<br>(42%)                        | 53,969,615<br>(239,401,184)                          |

#### *Capital risk management*

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders and obtain borrowings from banks or to related party.

The capital that the Company manages is the total equity as shown in the statements of financial position.

The Company is not subject to any externally imposed capital requirements.

#### *Fair value estimation*

As at December 31, 2023 and 2022, the carrying amounts of cash and cash equivalents, receivables, due from related parties and due to related parties reasonably approximate their fair values due to the short-term nature of these financial instruments.

The different levels in the fair value hierarchy have been defined in Note 22.4. There were no transfers between Levels 1, 2 and 3 during each reporting period.

## **22      Summary of material accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

## **22.1 Basis of preparation**

These financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and adopted by the SEC.

The Parent Company has also prepared consolidated financial statements in accordance with PFRS for itself and its subsidiaries (collectively, the "Group"). In the consolidated financial statements, subsidiary undertakings, which are those companies in which the Group, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over the operations have been fully consolidated. The consolidated financial statements can be obtained from the SEC.

The users of these separate financial statements should read them together with the Group's consolidated financial statements as at and for the years ended December 31, 2023 and 2022 in order to obtain full information on the financial position, financial performance and cash flows of the Group as a whole.

These financial statements have been prepared under the historical cost convention, except for the financial assets at fair value through other comprehensive income (FVOCI).

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are summarized in Note 20.

### **Changes in accounting policies and disclosures**

#### **(a) New and amended standards adopted by the Company**

The Company has applied the following amendments for the first time for the year beginning January 1, 2023 but did not have significant impact to the Company's financial statements:

- PAS 1: Classification of Liabilities as Current or Non-current

The narrow-scope amendments clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant). The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The amendment did not have a significant impact on the Company's financial statements.

- PAS 1 and PFRS Practice Statement 2: Disclosure of Accounting Policies

The amendments require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The amendment did not have a significant impact on the Company's financial statements.

- PAS 8: Definition of Accounting Estimates

The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The amendment did not have a significant impact on the Company's financial statements.

- PAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets.

The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate. PAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The amendment did not have a significant impact on the Company's financial statements.

(b) New standards, amendments and interpretations not yet adopted

There are no standards, amendments and interpretations which are effective for the financial year beginning after January 1, 2023 that are relevant to and have a material impact on the Company's financial statements.

## **22.2 Financial assets**

### *Classification*

The Company classifies its financial assets in the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through profit or loss (FVPL), and (c) financial assets at fair value through other comprehensive income (FVOCI). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

### *Financial assets at amortized cost*

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

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

The Company's financial assets at amortized cost comprise of cash, receivables, and due from a related party.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months at the end of the reporting period.

### *Financial assets at FVPL*

Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition as at FVPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Fair value gains or losses on investments held for trading net of interest income accrued on these assets, are recognized in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as financial assets at FVPL, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited. Financial assets may be designated by management on initial recognition as at FVPL, if any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains and losses on them on a different basis; or
- The assets are part of group of financial assets, liabilities or both which are managed and their performance evaluated on fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative that would need to be separately recorded.

### *Financial assets at FVOCI*

Financial assets at fair value through other comprehensive income (FVOCI) comprise equity security which is not held for trading, and which the Company has irrevocably elected at initial recognition to recognize in this category. This is a strategic investment and the Company considers this classification to be more relevant. On disposal of this equity investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

As at each reporting period, investments in shares of stocks of various listed corporations, UITFs, traded bonds and club memberships are designated as financial assets at FVOCI.

### *Recognition and measurement*

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

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs.

### *Derecognition*

The basic premise for the derecognition model is to determine whether the asset under consideration for derecognition is:

- an asset in its entirety or
- specifically identified cash flows from an asset (or a group of similar financial assets) or
- a fully proportionate (pro rata) share of the cash flows from an asset (or a group of similar financial assets) or
- a fully proportionate (pro rata) share of specifically identified cash flows from a financial asset (or a group of similar financial assets).

Once the asset under consideration for derecognition has been determined, an assessment is made as to whether the asset has been transferred, and if so, whether the transfer of that asset is subsequently eligible for derecognition.

An asset is transferred if either the entity has transferred the contractual rights to receive the cash flows, or the entity has retained the contractual rights to receive the cash flows from the asset, but has assumed a contractual obligation to pass those cash flows on under an arrangement that meets the following conditions:

- the Company has no obligation to pay amounts to the eventual recipient unless it collects equivalent amounts on the original asset;
- the Company is prohibited from selling or pledging the original asset (other than as security to the eventual recipient); and
- the Company has an obligation to remit those cash flows without material delay.

Once the Company has determined that the asset has been transferred, it then determines whether or not it has transferred substantially all of the risks and rewards of ownership of the asset. If substantially all the risks and rewards have been transferred, the asset is derecognized. If substantially all the risks and rewards have been retained, derecognition of the asset is precluded.

If the Company has neither retained nor transferred substantially all of the risks and rewards of the asset, then the Company must assess whether it has relinquished control of the asset or not. If the Company does not control the asset then derecognition is appropriate; however, if the Company has retained control of the asset, then the Company continues to recognize the asset to the extent to which it has a continuing involvement in the asset.

#### *Impairment*

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Impairment losses are presented as part of cost and expenses in the statement of comprehensive income.

With the exception of purchased or originated credit impaired financial assets, expected credit losses are required to be measured through a loss allowance at an amount equal to:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

##### *(i) Simplified approach*

The Company applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

##### *(ii) General approach*

The Company applies the general approach to provide for ECLs on cash in banks, interest receivable, and due from a related party. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 360 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

#### *Measurement of ECLs*

The measurement of expected credit losses is a function of the probability of default (PD), loss given default (LGD) (i.e., the magnitude of the loss if there is a default) and the exposure at default (EAD). The assessment of the PD and LGD is based on historical data adjusted by forward-looking information as described above. As for the EAD, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

*Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as actual default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

#### *Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

#### *Derecognition*

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognized directly in profit or loss.

#### *Financial assets at FVOCI*

In the case of equity investments classified as financial assets carried at FVOCI, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. When a decline in the fair value of a financial assets carried at FVOCI has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized in other comprehensive income is removed directly from equity with no option to recycle to profit or loss. Impairment losses recognized in profit or loss for an investment on equity instrument classified as financial assets at fair value through other comprehensive income are not reversed through profit or loss.

In the case of debt instruments classified as financial assets carried at FVOCI, movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the profit or loss.

## 22.3 Financial liabilities

### *Classification and presentation*

The Company classifies its financial liabilities in the following categories: (i) financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value) and (ii) financial liabilities at amortized cost. The classification depends on the purpose for which the financial liabilities were incurred. Management determines the classification of its financial liabilities at initial recognition.

The Company did not hold financial liabilities at fair value through profit or loss during and at the end of each reporting period.

The Company's financial liabilities at amortized cost consist mainly of trade payables and other liabilities (excluding customer deposits and payables to government agencies) and lease liabilities.

### *Initial recognition and subsequent measurement*

The Company's financial liabilities at amortized cost are initially measured at fair value plus transaction costs. Subsequently, these are measured at amortized cost using the effective interest method.

Interest expense on financial liabilities is recognized within finance cost, at gross amount, in the statements of total comprehensive income.

### *Derecognition*

Financial liabilities are derecognized when extinguished, that is, when the obligation specified in a contract is discharged or cancelled or when the obligation expires.

## 22.4 Determination of fair value

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 Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on Company specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

For assets that are recognized on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by reassessing 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.

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 fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

Details of the Company's fair value measurement for the financial assets at FVOCI and investment properties are disclosed in Note 6 and Note 8, respectively.

## **22.5 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

The Company has no offsetting arrangements as at each reporting period.

## **22.6 Cash and cash equivalents**

Short-term placements are presented as cash equivalents if they have a maturity of three months or less and are carried in the statement of financial position at face amount or at nominal amount, which approximates its amortized cost using the effective interest method.

## **22.7 Assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the noncurrent asset is recognized at the date of derecognition.

Non-current assets are not depreciated or amortized while they are classified as held for sale.

## **22.8 Other assets**

Prepaid taxes consist substantially of creditable withholding taxes which are recognized as assets to the extent that it is probable that the benefit will flow to the Company. These are derecognized when there is a legally enforceable right to apply the recognized amounts against related liability with the period prescribed by the relevant tax laws.

Other current assets mainly pertain to input value-added tax (VAT). Input VAT represent taxes imposed on the Company for the acquisition of goods and services. These are stated at face value less any provision for impairment and are utilized when there is a legally enforceable right to offset the recognized amounts against output VAT obligations and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. Input VAT are included in current assets, except when utilization and claims against output VAT are expected to be more than 12 months after the reporting date, in which these are classified as non-current assets.

## **22.9 Investment in a subsidiary**

Subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in a subsidiary is accounted for at cost less any impairment in the separate financial statements. Dividend income from investment is recognized in profit or loss within other income when the right to receive payment is established.

The carrying amount of investment in subsidiary is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

When the Company ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss.

The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

## **22.10 Investment property**

Investment property is defined as a property, mainly land, held for the purposes of earning rentals, for capital appreciation or both. This property is not held to be used in production or sale in the ordinary course of business. Investment property is initially measured at acquisition cost. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured, in which case, the investment property acquired is measured at the carrying amount of asset given up. Investment properties are subsequently carried at cost less accumulated depreciation and any accumulated impairment.

Land is not depreciated.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

## **22.11 Property and equipment**

Property and equipment is subsequently measured at cost. Depreciation is calculated using the straight-line method to allocate the cost of each asset, net of their residual values, over their estimated useful lives as follows:

|   | Number of Years |
|---|-----------------|
| Office equipment and office improvement | 3               |
| Transportation equipment                | 3-5             |
| Furniture and fixtures                  | 3               |

The useful lives of each of the property and equipment are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice and experience with similar assets. The property and equipment's useful lives and depreciation and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

## **22.12 Impairment of non-financial assets**

Non-financial assets, mainly property and equipment and investment in a subsidiary, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses, if any, are recognized in profit or loss. Non-financial assets that have been impaired are reviewed for possible reversal of impairment at each reporting period.

## **22.13 Deposit for future stock subscription**

Deposit for future stock subscription represents advance collection for stocks subscriptions. Deposit for future stock subscriptions is reported as a separate item in the equity section of the statement of financial position if and only if, all of the following elements are present as of end of the reporting period:

- The unissued authorized capital stock of the Company is insufficient to cover the amount of shares indicated in the contract;
- Board of Directors approval of the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- Stockholders approval of said proposed increase; and
- The application for the approval of the proposed increase has been filed with the SEC.

If any or all of the above elements are not present, the deposit for future stocks subscription is recognized as a liability in the statement of financial position. These are included in current liabilities, except when management expects to convert them to equity at least 12 months from the reporting date which are classified as non-current liabilities.

## **22.14 Equity**

### *Share capital*

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

### *Retained earnings*

Retained earnings pertains to the accumulated profit from operations of the Company which are available for dividend declaration.

### *Earnings per share*

Basic earnings per share is computed by dividing net income over the weighted average number of issued and outstanding common shares during the year.

Diluted earnings per share is computed as if the potential common share or instrument that may entitle the holder to common share were exercised as of the beginning of the year.

### *Other equity reserves*

Other equity reserves pertain to accumulated fair value changes in financial assets through other comprehensive income, net of any realized gains from sale of disposals of debt instruments.

## 22.15 Income

### *Dividend income*

Dividend income from a subsidiary is recognized when the right to receive dividend is established usually upon declaration by the BOD.

### *Interest income*

Interest income on bank deposits, which is presented net of final withholding tax, is recognized on a time proportion basis using the effective interest rate method.

### *Other income*

All other income is recognized when earned or when the right to receive payment is established.

## 22.16 Leases

The Company assesses whether the contracts are, or contain, a lease. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

- i. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- ii. the right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Company also assesses whether a contract contains a lease for each potential separate lease component.

### *The Company as a lessee*

At the commencement date, the Company recognizes ROU asset and lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

After the commencement date, the ROU asset is carried at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the related lease liability. The ROU asset is amortized over the lease term.

At the commencement date, the Company measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Company uses its incremental borrowing rate.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

## **22.17 Related party relationships and transactions**

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

## **22.18 Income taxes**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

## **22.19 Foreign currency transactions and translation**

### *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). These financial statements are prepared in Philippine Peso, which is the Company’s functional and presentation currency.

### *Transactions and balances*

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

## **22.20 Operating segment information**

The Company is organized into operating segments based on the type of product or service. As at each reporting period, the Company’s only reportable operating segment relates to investing funds.

## **22.21 Subsequent events**

Post year-end events that provide additional information about the Company’s position at the financial reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

## **23 Supplementary information required by the Bureau of Internal Revenue (BIR)**

The following Revenue Regulations 15-2010 information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

#### *Output value-added tax (VAT)*

The amount of output VAT declared for the year ended December 31, 2023 amounted to P458,124 based on receipts amounting to P3,817,702.

The gross revenues on sale of services are based on gross receipts of the Company while gross revenues amounting to P47,119,554 presented in the statement of total comprehensive income are measured in accordance with the Company's accounting policy.

#### *Input VAT*

Movements of input VAT for the year ended December 31, 2023 are as follows:

|  | Gross amount | Input VAT |
|--|--------------|-----------|
| Beginning balance                                    |              | 1,846,420 |
| Add: Current year's domestic purchases/payments for: |              |           |
| Goods other than resale of manufacture               | 14,201,831   | 1,704,220 |
| Services lodged under other accounts                 | 6,862,740    | 823,529   |
| Total available input VAT                            |              | 4,374,169 |
| Less: Applied against output VAT                     |              | 458,124   |
| Ending balance                                       |              | 3,916,045 |

#### *Importations*

The Company did not have any purchases of imported goods subject to custom duties and tariff fees for the year ended December 31, 2023.

#### *Excise tax*

The Company is not engaged in the manufacture or production of certain specified goods or articles subject to excise tax for domestic sale or consumption or for any other disposition for the year ended December 31, 2023.

#### *Documentary stamp tax*

The Company has no transactions for the year ended December 31, 2023 requiring payment of documentary stamp tax.

#### *All other local and national taxes*

All other local and national taxes paid for the year ended December 31, 2023 consist of:

|                    | Amount  |
|--------------------|---------|
| PSE annual listing | 250,000 |
| Business permit    | 54,919  |
| Others             | 14,870  |
|                    | 319,789 |

*Withholding taxes*

Withholding taxes accrued and paid as at and for the year ended December 31, 2023 consists of:

|                          | Paid      | Accrued | Total     |
|--------------------------|-----------|---------|-----------|
| Expanded withholding tax | 1,170,398 | 315,035 | 1,485,433 |

*Tax assessments*

The Company has not received any Final Assessment Notice from the BIR for the year ended December 31, 2023.

*Tax cases*

The Company does not have any outstanding tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside of the BIR as at and for the year ended December 31, 2023.

# SUSTAINABILITY REPORT

## Contextual Information

| Company Details  |   |
|--|---|
| Name of Organization   | PHILCOMSAT HOLDINGS CORPORATION   |
| Location of Headquarters   | Makati City   |
| Location of Operations   | Makati City   |
| Report Boundary: Legal entities (e.g. subsidiaries) included in this report* | Philcomsat Management Enterprises Inc., Professional Stock Transfer, Inc.   |
| Business Model, including Primary Activities, Brands, Products, and Services | Philcomsat Holdings Corporation (Money Market); Philcomsat Management Enterprises, Inc. (Management Consultancy); Professional Stock Transfer, Inc. (Stock Transfer Services) |
| Reporting Period   | 2023  |
| Highest Ranking Person responsible for this report                           | Erlinda I. Bildner, Chairman, Philcomsat Management Enterprises, Inc., and CFO, Philcomsat Holdings Corporation.  |

## Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.<sup>1</sup>

The organization evaluated all topics to determine if they are still significant or have become less important over time, based on the organization's economic, environmental, and social impacts, and how much these topics influence stakeholders' assessments and decisions. Topics that were found to be less important were still kept as they are considered essential to the development of the organization's sustainability management system. The materiality of all topics is periodically reassessed to determine their significance and the degree of that significance.

## ECONOMIC

### Economic Performance

#### Direct Economic Value Generated and Distributed

| Disclosure   | Amount     | Units |
|--|------------|-------|
| Direct economic value generated (revenue)                                  | 55,948,553 | PhP   |
| Direct economic value distributed:   |            |       |
| a. Operating costs   | 1,848,691  | PhP   |
| b. Employee wages and benefits   | 1,471,720  | PhP   |
| c. Payments to suppliers, other operating costs                            | 32,761,173 | PhP   |
| d. Dividends given to stockholders and interest payments to loan providers | 49,819,563 | PhP   |
| e. Taxes given to government   | 0          | PhP   |
| f. Investments to community (e.g. donations, CSR)                          | 0          | PhP   |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|---------------------|
|   |                                  |                     |

<sup>1</sup> See [GRI 102-46](#) (2016) for more guidance.

|   |   |  |
|---|---|--|
| Due to its reliance on consultants and part-time workers rather than full-time employees, the Corporation spends only a small portion of the revenue generated, specifically 5%, on employee wages and benefits.  | Employees                               | Every year, management evaluates whether it is necessary to hire full-time employees for the Corporation's operations. At present, they have concluded that there is no such requirement. However, when the business grows to a particular level, it is anticipated that full-time employees will be brought on board. |
| <b>What are the Risk/s Identified?</b>  | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>   |
| <i>Management has recognized that the lack of a succession plan is a risk related to this matter because the Corporation relies on consultants and part-time workers instead of full-time employees. While these workers can effectively perform their duties, they may not be motivated to stay with the Corporation due to the absence of job security. In the absence of tenured employees who are familiar with the work done by these consultants and part-time workers, it could be challenging to have incoming workers take over such tasks in the event of incapacity.</i> | Employees                               | <i>Once the business reaches a certain level, it is expected that full-time employees will be engaged.</i>   |
| <b>What are the Opportunity/ies Identified?</b>   | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>   |
| <i>Management has recognized that the automation of certain business processes is a potential opportunity related to this matter.</i>   | Employees                               | <i>Management is exploring the possibility of automating certain tasks, such as stock transfer services, where clients can access necessary reports securely through a digital platform. By automating this process, the Corporation can reduce the need for manual labor and working hours.</i>                       |

#### Climate-related risks and opportunities<sup>2</sup>

| Governance   | Strategy   | Risk Management   | Metrics and Targets  |
|--|--|---|--|
| <b>Ms. Erlinda I. Bildner, the CFO, is responsible for managing the day-to-day operations of the Corporation and PMEI. On the other hand, Mr. Crescencio P. Montemayor is accountable for the day-</b> | <i>When flooding occurs in the Metro Manila area during the monsoon season, employees who are not affected are incentivized to come to work with hazard pay. Meanwhile, those who may be affected have the</i> | <i>The Corporation mainly relies on weather reports by the national weather agency.</i> | <i>The Corporation classifies employees' work as either crucial or non-crucial, depending on the urgency of the task. The Corporation prioritizes crucial work over non-crucial work in the event of a sudden work</i> |

<sup>2</sup> Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

|   |  |  |  |
|---|--|--|--|
| <i>to-day management of PSTI. The Board is updated on the day-to-day operations of the Corporation at its subsequent meeting.</i> | <i>option to either work from home or be transported by the Corporation's vehicles. These employees are expected to submit accomplishment reports.</i> |  | <i>stoppage, with the level of priority determined by each employee's accomplishment report. The Corporation always strives to provide essential work for its clients.</i> |
|---|--|--|--|

## Procurement Practices

### Proportion of spending on local suppliers

| <b>Disclosure</b>  | <b>Quantity</b> | <b>Units</b> |
|--|-----------------|--------------|
| Percentage of procurement budget used for significant locations of operations that is spent on local suppliers | 100             | %            |

| <b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>  | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>   |
|---|---|--|
| <i>The Corporation procures materials as needed, and therefore relies heavily on locally-based suppliers. The selection of suppliers is primarily based on their availability, delivery speed, and cost.</i>  | <i>Suppliers</i>                        | <i>Management mandates the procurement officer to order materials that are regularly utilized in advance, allowing ample time to procure such materials at a reduced cost. Management evaluates which materials are frequently required.</i> |
| <b>What are the Risk/s Identified?</b>  | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>   |
| <i>Obtaining materials as needed may not be the most cost-effective approach to procurement. Additionally, relying on material availability often leads to working with various suppliers, which can have negative impacts on the stability and duration of supplier relationships.</i> | <i>Suppliers</i>                        | <i>Management mandates the procurement officer to order materials that are regularly utilized in advance, allowing ample time to procure such materials at a reduced cost. Management evaluates which materials are frequently required.</i> |
| <b>What are the Opportunity/ies Identified?</b>   | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>   |
| <i>The opportunity identified from this topic is that there is no surplus of materials.</i>   | <i>Suppliers</i>                        | <i>Management mandates the procurement officer to order materials that are regularly utilized in advance, allowing ample time to procure such materials at a reduced cost. Management evaluates which materials are frequently required.</i> |

## Anti-corruption

### Training on Anti-corruption Policies and Procedures

| <b>Disclosure</b>  | <b>Quantity</b> | <b>Units</b> |
|--|-----------------|--------------|
| Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to         | 100             | %            |
| Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to | 0               | %            |

|  |     |   |
|--|-----|---|
| Percentage of directors and management that have received anti-corruption training | 100 | % |
| Percentage of employees that have received anti-corruption training                | 100 | % |

| What is the impact and where does it occur? What is the organization's involvement in the impact?  | Which stakeholders are affected? | Management Approach   |
|--|----------------------------------|---|
| <i>The Corporation's anti-corruption policy is part of the Philcomsat Group of Companies' Code of Conduct and is disseminated to all employees of the Corporation and its subsidiaries. In the Corporation's money market and financial instruments operations, various brokers and agents approach them, offering different financial instruments with different terms and rates. These brokers and agents may attempt to influence Management's decision on whether to invest in a particular financial instrument by offering valuable gifts, but fortunately, no such attempts have been made.</i> | Stockholders and Suppliers       | <i>All investments are determined by a committee and then approved by the Board, which eliminates the possibility of any broker or agent exerting influence on any member of Management. Additionally, the Board has a strict policy that requires its members to disclose any association they may have with an investment recommended to it. If any Board member has such an association, they are required to abstain from any discussions or decisions related to such an investment.</i> |
| What are the Risk/s Identified?  | Which stakeholders are affected? | Management Approach   |
| <i>One potential risk associated with this topic is that the Corporation may not be able to achieve maximum returns on its investments. This is due to the possibility that, instead of taking advantage of investment opportunities that offer higher returns, the Corporation may opt to invest in preferred financial instruments that offer lower returns, influenced by the brokers or agents representing those instruments.</i>   | Stockholders and Suppliers       | <i>The Corporation has implemented a multi-layered approval process to reduce or eliminate any potential influence that brokers or agents may have on its investment decisions. Furthermore, the Board strictly enforces a policy that requires members to disclose any association with recommended investments, and if so, to abstain from any discussions or decisions concerning them.</i>  |
| What are the Opportunity/ies Identified?   | Which stakeholders are affected? | Management Approach   |
| <i>The Corporation's ability to spread its investments across multiple institutions through money market placements and financial instruments helps to mitigate the risk of loss.</i>  | Stockholders and Suppliers       | <i>By strictly enforcing the policies mentioned earlier and ensuring compliance with the different levels of approval required prior to placing any investment, Management is able to maintain diversification in the Corporation's portfolio and avoid the possibility of financial loss due to ill-advised investments.</i>   |

## Incidents of Corruption

| Disclosure   | Quantity | Units |
|--|----------|-------|
| Number of incidents in which directors were removed or disciplined for corruption                        | 0        | #     |
| Number of incidents in which employees were dismissed or disciplined for corruption                      | 0        | #     |
| Number of incidents when contracts with business partners were terminated due to incidents of corruption | 0        | #     |

| What is the impact and where does it occur? What is the organization's involvement in the impact?  | Which stakeholders are affected?                   | Management Approach   |
|--|--|---|
| <i>There has been no incident of corruption involving directors, employees, or business partners as everyone in the Corporation is fully aware of the policy against corruption.</i>   | <i>Directors, Employees and Business Partners.</i> | <i>Management emphasizes the importance of strict compliance with the aforementioned policies and the need to observe the different levels of approval before making any investment decisions. By doing so, the Corporation is able to diversify its portfolio and mitigate the risk of financial losses that may arise from poorly placed investments.</i> |
| What are the Risk/s Identified?  | Which stakeholders are affected?                   | Management Approach   |
| <i>One risk related to corruption in this area is that the Corporation might miss out on opportunities to invest in high-yielding financial instruments and instead choose to invest in preferred instruments due to the influence of brokers or agents, resulting in suboptimal returns on investments.</i> | <i>Directors, Employees and Business Partners.</i> | <i>Management emphasizes the importance of strict compliance with the aforementioned policies and the need to observe the different levels of approval before making any investment decisions. By doing so, the Corporation is able to diversify its portfolio and mitigate the risk of financial losses that may arise from poorly placed investments.</i> |
| What are the Opportunity/ies Identified?   | Which stakeholders are affected?                   | Management Approach   |
| <i>The Corporation's ability to spread its investments across multiple institutions through money market placements and financial instruments helps to mitigate the risk of loss.</i>  | <i>Directors, Employees and Business Partners.</i> | <i>Management emphasizes the importance of strict compliance with the aforementioned policies and the need to observe the different levels of approval before making any investment decisions. By doing so, the Corporation is able to diversify its portfolio and mitigate the risk of financial losses that may arise from poorly placed investments.</i> |

## ENVIRONMENT

### Resource Management

#### Energy consumption within the organization:

| Disclosure                             | Quantity | Units |
|--|----------|-------|
| Energy consumption (renewable sources) | 0        | GJ    |
| Energy consumption (gasoline)          | ≈45,000  | l     |

|                                  |         |     |
|----------------------------------|---------|-----|
| Energy consumption (LPG)         | 0       | GJ  |
| Energy consumption (diesel)      | 0       | GJ  |
| Energy consumption (electricity) | ≈28,800 | kWh |

| What is the impact and where does it occur? What is the organization's involvement in the impact?   | Which stakeholders are affected?                                | Management Approach  |
|---|---|--|
| <i>The Corporation and its subsidiaries primarily consume electricity and gasoline as sources of energy. The centralized air-conditioning system in the building where they operate is responsible for over half of the electricity consumption. The building administrator allocates the total electricity bill to each occupant based on their occupied area. On the other hand, the gasoline consumption and expense mostly come from attending meetings with potential clients and suppliers as the corporation and its subsidiaries are engaged in the sale of services.</i> | <i>Community, Directors, Employees, Clients, and Suppliers.</i> | <i>To minimize electricity consumption, Management implements measures such as discouraging overtime work and reducing the number of lights used during specific hours. Since the centralized air conditioning system in the building cannot be changed, Management has to work with this limitation. To reduce gasoline consumption and expenses, the Corporation conducts meetings via teleconferencing or arranges them in the office instead of travelling to meet with clients and suppliers.</i> |
| What are the Risk/s Identified?   | Which stakeholders are affected?                                | Management Approach  |
| <i>Insofar as electricity is concerned, the Corporation and its subsidiaries are unable to install their own air conditioning system which could have provided a solution to lowering electricity consumption. Insofar as gasoline is concerned, lessening the number of leads may result in lost opportunities.</i>  | <i>Community, Directors, Employees, Clients, and Suppliers.</i> | <i>To minimize electricity consumption, Management implements measures such as discouraging overtime work and reducing the number of lights used during specific hours. Since the centralized air conditioning system in the building cannot be changed, Management has to work with this limitation. To reduce gasoline consumption and expenses, the Corporation conducts meetings via teleconferencing or arranges them in the office instead of travelling to meet with clients and suppliers.</i> |
| What are the Opportunity/ies Identified?  | Which stakeholders are affected?                                | Management Approach  |
| <i>The opportunity presented by this impact is that the Corporation and its subsidiaries may try to utilize other means of communicating with potential clients and suppliers, rather than face-to-face meetings. More meetings have been conducted using various teleconferencing applications such as zoom.</i>   | <i>Community, Directors, Employees, Clients, and Suppliers.</i> | <i>To minimize electricity consumption, Management implements measures such as discouraging overtime work and reducing the number of lights used during specific hours. Since the centralized air conditioning system in the building cannot be changed, Management has to work with this limitation. To reduce gasoline consumption and expenses, the Corporation conducts meetings via teleconferencing or arranges them in the</i>  |

|  |  |   |
|--|--|---|
|  |  | <i>office instead of travelling to meet with clients and suppliers.</i> |
|--|--|---|

#### Water consumption within the organization

| <b>Disclosure</b>         | <b>Quantity</b> | <b>Units</b> |
|---------------------------|-----------------|--------------|
| Water withdrawal          | 0               | Cubic meters |
| Water consumption         | 100             | Cubic meters |
| Water recycled and reused | 0               | Cubic meters |

| <b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b> | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>  |
|--|---|---|
| <i>The primary reason for water consumption is toilet usage.</i>   | <i>Employees</i>                        | <i>Management has installed equipment to lessen the number of flushes in the toilets in an effort to reduce water consumption. Regular inspection and maintenance of water pipes are also conducted to ensure that there are no leaks that may contribute to unnecessary water consumption/wastage.</i> |
| <b>What are the Risk/s Identified?</b>   | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>  |
| <i>Management has not identified any risk/s associated with this topic.</i>                              | <i>None</i>                             | <i>None</i>   |
| <b>What are the Opportunity/ies Identified?</b>  | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>  |
| <i>Management has not identified any opportunity/ies associated with this topic.</i>                     | <i>None</i>                             | <i>None</i>   |

#### Materials used by the organization

| <b>Disclosure</b>   | <b>Quantity</b>                         | <b>Units</b>               |
|---|---|----------------------------|
| Materials used by weight or volume  |   |                            |
| • renewable   | 0                                       | kg/liters                  |
| • non-renewable   | 0                                       | kg/liters                  |
| Percentage of recycled input materials used to manufacture the organization's primary products and services | 0                                       | %                          |
| <b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>    | <b>Which stakeholders are affected?</b> | <b>Management Approach</b> |
| <i>Management has not identified any impact associated with this topic.</i>                                 | <i>None</i>                             | <i>None</i>                |
| <b>What are the Risk/s Identified?</b>  | <b>Which stakeholders are affected?</b> | <b>Management Approach</b> |

|  |   |                            |
|--|---|----------------------------|
| <i>Management has not identified any risk/s associated with this topic.</i>          | <i>None</i>                             | <i>None</i>                |
| <b>What are the Opportunity/ies Identified?</b>                                      | <b>Which stakeholders are affected?</b> | <b>Management Approach</b> |
| <i>Management has not identified any opportunity/ies associated with this topic.</i> | <i>None</i>                             | <i>None</i>                |

#### Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

| <b>Disclosure</b>   | <b>Quantity</b> | <b>Units</b> |
|---|-----------------|--------------|
| Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | None            |              |
| Habitats protected or restored  | None            | ha           |
| IUCN <sup>3</sup> Red List species and national conservation list species with habitats in areas affected by operations                   | None            |              |

| <b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>   | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>  |
|--|---|---|
| <i>The Corporation and its subsidiaries only operate from Makati City which is not a protected area or an area with high biodiversity value.</i> | <i>None</i>                             | <i>Currently, the Corporation and its subsidiaries are not operating in a protected area or an area with high biodiversity value, thus, there are no existing policies related to this topic. However, if the Corporation decides to move its operations to a protected area or acquires a subsidiary that operates in such an area, management is committed to establishing and implementing policies and programs to protect the environment.</i> |
| <b>What are the Risk/s Identified?</b>   | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>  |
| <i>Management has not identified any risk/s associated with this topic.</i>  | <i>None</i>                             | <i>Currently, the Corporation and its subsidiaries are not operating in a protected area or an area with high biodiversity value, thus, there are no existing policies related to this topic. However, if the Corporation decides to move its operations to a protected area or acquires a subsidiary that operates in such an area, management is committed to establishing and implementing policies and programs to protect the environment.</i> |
| <b>What are the Opportunity/ies Identified?</b>  | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>  |

<sup>3</sup> International Union for Conservation of Nature

|  |             |   |
|--|-------------|---|
| <i>Management has not identified any opportunity/ies associated with this topic.</i> | <i>None</i> | <i>Currently, the Corporation and its subsidiaries are not operating in a protected area or an area with high biodiversity value, thus, there are no existing policies related to this topic. However, if the Corporation decides to move its operations to a protected area or acquires a subsidiary that operates in such an area, management is committed to establishing and implementing policies and programs to protect the environment.</i> |
|--|-------------|---|

## Environmental impact management

### Air Emissions

#### GHG

| <b>Disclosure</b>                             | <b>Quantity</b> | <b>Units</b>             |
|---|-----------------|--------------------------|
| Direct (Scope 1) GHG Emissions                | 0               | Tonnes CO <sub>2</sub> e |
| Energy indirect (Scope 2) GHG Emissions       | 0               | Tonnes CO <sub>2</sub> e |
| Emissions of ozone-depleting substances (ODS) | 0               | Tonnes                   |

| <b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>              | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>  |
|---|---|---|
| <i>The operations of the Corporation and its subsidiaries do not involve any emission of substances into the air.</i> | <i>None</i>                             | <i>If the Corporation or its subsidiaries engage in activities that involve emitting substances into the air, Management will establish policies and programs to protect the environment.</i> |
| <b>What are the Risk/s Identified?</b>  | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>  |
| <i>Management has not identified any risk/s associated with this topic.</i>   | <i>None</i>                             | <i>If the Corporation or its subsidiaries engage in activities that involve emitting substances into the air, Management will establish policies and programs to protect the environment.</i> |
| <b>What are the Opportunity/ies Identified?</b>   | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>  |
| <i>Management has not identified any opportunity/ies associated with this topic.</i>                                  | <i>None</i>                             | <i>If the Corporation or its subsidiaries engage in activities that involve emitting substances into the air, Management will establish policies and programs to protect the environment.</i> |

#### Air pollutants

| <b>Disclosure</b>                    | <b>Quantity</b> | <b>Units</b> |
|--------------------------------------|-----------------|--------------|
| NO <sub>x</sub>                      | 0               | kg           |
| SO <sub>x</sub>                      | 0               | kg           |
| Persistent organic pollutants (POPs) | 0               | kg           |
| Volatile organic compounds (VOCs)    | 0               | kg           |
| Hazardous air pollutants (HAPs)      | 0               | kg           |
| Particulate matter (PM)              | 0               | kg           |

| What is the impact and where does it occur? What is the organization's involvement in the impact?   | Which stakeholders are affected? | Management Approach   |
|---|----------------------------------|---|
| <i>The business operations of the Corporation and its subsidiaries do not require it to emit substances into the air.</i>   | None                             | <i>If the Corporation or its subsidiaries engage in activities that involve emitting substances into the air, Management will establish policies and programs to protect the environment.</i> |
| What are the Risk/s Identified?   | Which stakeholders are affected? | Management Approach   |
| <i>The business operations of the Corporation and its subsidiaries do not require it to emit substances into the air, thus Management has not identified any risk associated with this topic.</i> | Nine                             | <i>If the Corporation or its subsidiaries engage in activities that involve emitting substances into the air, Management will establish policies and programs to protect the environment.</i> |
| What are the Opportunity/ies Identified?  | Which stakeholders are affected? | Management Approach   |
| <i>The business operations of the Corporation and its subsidiaries do not require it to emit substances into the air, thus Management has not identified any risk associated with this topic.</i> |                                  | <i>If the Corporation or its subsidiaries engage in activities that involve emitting substances into the air, Management will establish policies and programs to protect the environment.</i> |

## Solid and Hazardous Wastes

### Solid Waste

| Disclosure                  | Quantity | Units |
|-----------------------------|----------|-------|
| Total solid waste generated |          | kg    |
| Reusable                    | 0        | kg    |
| Recyclable                  | 100      | kg    |
| Composted                   | 0        | kg    |
| Incinerated                 | 0        | kg    |
| Residuals/Landfilled        | 0        | kg    |

| What is the impact and where does it occur? What is the organization's involvement in the impact?         | Which stakeholders are affected? | Management Approach  |
|---|----------------------------------|--|
| <i>Paper is the only solid waste generated by the operations of the Corporation and its subsidiaries.</i> | Community                        | <i>To minimize paper waste, Management mandates the use of double-sided printing for all documents except for final reports. Paper waste is segregated from other types of waste to enable more efficient recycling.</i> |
| What are the Risk/s Identified?   | Which stakeholders are affected? | Management Approach  |

|   |   |  |
|---|---|--|
| <i>Management has not identified any risk/s associated with this topic.</i> | Community                               | <i>If the Corporation or any of its subsidiaries engage in activities that generate solid and hazardous waste, Management will create policies and programs to ensure the proper disposal of such waste.</i> |
| <b>What are the Opportunity/ies Identified?</b>                             | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>   |

*Management has not identified any opportunity/ies associated with this topic.*

#### Hazardous Waste

| <b>Disclosure</b>  |   | <b>Quantity</b>  | <b>Units</b> |
|--|---|--|--------------|
| Total weight of hazardous waste generated  |   | 0  | kg           |
| Total weight of hazardous waste transported  |   | 0  | kg           |
| <b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>   | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>   |              |
| <i>The Corporation and its subsidiaries are not engaged in activities or provide services that result in the production of any hazardous waste.</i>  | <i>None</i>                             | <i>If the Corporation or any of its subsidiaries participate in activities that generate hazardous waste or obtain a subsidiary that offers products or services that may pose a risk to health and safety, Management will establish policies and programs for the appropriate disposal of hazardous waste.</i> |              |
| <b>What are the Risk/s Identified?</b>   | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>   |              |
| <i>The Corporation and its subsidiaries are not engaged in activities or provide services that result in the production of any hazardous waste; thus, Management has not identified any risk/s associated with this topic.</i> | <i>None</i>                             | <i>If the Corporation or any of its subsidiaries participate in activities that generate hazardous waste or obtain a subsidiary that offers products or services that may pose a risk to health and safety, Management will establish policies and programs for the appropriate disposal of hazardous waste.</i> |              |
| <b>What are the Opportunity/ies Identified?</b>  | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>   |              |
| <i>The Corporation and its subsidiaries are not engaged in activities or provide services that result in the production of any hazardous waste; thus, Management has not identified any</i>                                    | <i>None</i>                             | <i>If the Corporation or any of its subsidiaries participate in activities that generate hazardous waste or obtain a subsidiary that offers products or services that may pose a risk to health and safety, Management will</i>  |              |

|  |  |   |
|--|--|---|
| <i>opportunity/ies associated with this topic.</i> |  | <i>establish policies and programs for the appropriate disposal of hazardous waste.</i> |
|--|--|---|

### Effluents

| <b>Disclosure</b>                | <b>Quantity</b> | <b>Units</b> |
|----------------------------------|-----------------|--------------|
| Total volume of water discharges | 60              | Cubic meters |
| Percent of wastewater recycled   | 0               | %            |

| <b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>   | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>   |
|--|---|--|
| <i>Recycling wastewater in the building where the Corporation and its subsidiaries are located would necessitate the cooperation of all building occupants to buy and install the necessary equipment, as the building is shared with other organizations.</i> | <i>Other building occupants.</i>        | <i>Management urges its staff to recycle water, even if it's just a small amount, by using the surplus to water plants. This is because the other occupants of the building, who share it with the Corporation and its subsidiaries, have not yet cooperated to purchase and install equipment that enables the recycling of wastewater.</i> |
| <b>What are the Risk/s Identified?</b>   | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>   |
| <i>The sole risk is the cost of equipment for recycling wastewater.</i>  | <i>Other building occupants.</i>        | <i>Management urges its staff to recycle water, even if it's just a small amount, by using the surplus to water plants. This is because the other occupants of the building, who share it with the Corporation and its subsidiaries, have not yet cooperated to purchase and install equipment that enables the recycling of wastewater.</i> |

| <b>What are the Opportunity/ies Identified?</b>   | <b>Which stakeholders are affected?</b> | <b>Management Approach</b>   |
|---|---|--|
| <i>The only probable usage for recycled wastewater at the moment is the watering of plants within the building.</i> | <i>Other building occupants.</i>        | <i>Management urges its staff to recycle water, even if it's just a small amount, by using the surplus to water plants. This is because the other occupants of the building, who share it with the Corporation and its subsidiaries, have not yet cooperated to purchase and install equipment that enables the recycling of wastewater.</i> |

### **Environmental compliance**

#### Non-compliance with Environmental Laws and Regulations

| <b>Disclosure</b> | <b>Quantity</b> | <b>Units</b> |
|-------------------|-----------------|--------------|
|-------------------|-----------------|--------------|

|  |   |     |
|--|---|-----|
| Total amount of monetary fines for non-compliance with environmental laws and/or regulations | 0 | PhP |
| No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations  | 0 | #   |
| No. of cases resolved through dispute resolution mechanism                                   | 0 | #   |

| What is the impact and where does it occur? What is the organization's involvement in the impact?  | Which stakeholders are affected? | Management Approach  |
|--|----------------------------------|--|
| <i>The Corporation and its subsidiaries are not engaged in any activities or offer services that may affect the environment, thus, there has been no environmental law and/or regulation that could be violated.</i>   | None                             | <i>In the event that the Corporation or its subsidiaries become engaged in activities that will have an impact on the environment, Management shall establish policies and implement programs that will comply with all laws, rules and regulations promulgated for the protection of the environment.</i> |
| What are the Risk/s Identified?  | Which stakeholders are affected? | Management Approach  |
| <i>Management has not identified any risk/s associated with this topic since the Corporation and its subsidiaries are not engaged in any activities or offer services that may affect the environment and thus, there has been no environmental law and/or regulation that could be violated.</i>          | None                             | <i>In the event that the Corporation or its subsidiaries become engaged in activities that will have an impact on the environment, Management shall establish policies and implement programs that will comply with all laws, rules and regulations promulgated for the protection of the environment.</i> |
| What are the Opportunity/ies Identified?   | Which stakeholders are affected? | Management Approach  |
| <i>Management has not identified any opportunity/ies associated with this topic since the Corporation and its subsidiaries are not engaged in any activities or offer services that may affect the environment and thus, there has been no environmental law and/or regulation that could be violated.</i> | None                             | <i>In the event that the Corporation or its subsidiaries become engaged in activities that will have an impact on the environment, Management shall establish policies and implement programs that will comply with all laws, rules and regulations promulgated for the protection of the environment.</i> |

## SOCIAL

### Employee Management

#### Employee Hiring and Benefits

#### Employee data

| Disclosure | Quantity | Units |
|------------|----------|-------|
|------------|----------|-------|

|  |       |       |
|--|-------|-------|
| Total number of employees <sup>4</sup>             | 19    |       |
| a. Number of female employees                      | 12    | #     |
| b. Number of male employees                        | 7     | #     |
| Attrition rate <sup>5</sup>                        | 0     | rate  |
| Ratio of lowest paid employee against minimum wage | 1:3:1 | ratio |

#### Employee benefits

| List of Benefits                          | Y/N | % of female employees who availed for the year | % of male employees who availed for the year |
|---|-----|--|--|
| SSS                                       | Y   | 60   | 100  |
| PhilHealth                                | Y   | 60   | 100  |
| Pag-ibig                                  | Y   | 60   | 100  |
| Parental leaves                           | Y   | 0  | 0  |
| Vacation leaves                           | Y   | 60   | 100  |
| Sick leaves                               | Y   | 60   | 100  |
| Medical benefits (aside from PhilHealth)) | Y   | 80   | 100  |
| Housing assistance (aside from Pag-ibig)  | N   | 0  | 0  |
| Retirement fund (aside from SSS)          | N   | 0  | 0  |
| Further education support                 | N   | 0  | 0  |
| Company stock options                     | N   | 0  | 0  |
| Telecommuting                             | N   | 0  | 0  |
| Flexible-working Hours                    | N   | 0  | 0  |
| (Others)                                  | N   | 0  | 0  |

| What is the impact and where does it occur? What is the organization's involvement in the impact?  | Management Approach  |
|--|--|
| <i>Unfortunately, additional benefits to employees are intricately tied with the number of clients that the Corporation and its subsidiaries can engage. However, with tight competition, it proves challenging to get more clients.</i> | <i>Currently, only the onboarding of new clients is incentivized through commissions and referral fees given to the employees. In the event that the revenue stream of the Corporation and its subsidiaries improve, additional benefits may be granted to the employees in addition to those mandated by law.</i> |
| What are the Risk/s Identified?  | Management Approach  |
| <i>High cost of attrition poses a risk due to lack of additional benefits.</i>   | <i>Only the onboarding of new clients is incentivized through commissions and referral fees.</i>   |
| What are the Opportunity/ies Identified?   | Management Approach  |
| <i>Management has not identified any opportunity/s associated with this topic.</i>   | <i>None</i>  |

#### Employee Training and Development

| Disclosure                                 | Quantity | Units |
|--|----------|-------|
| Total training hours provided to employees |          |       |

<sup>4</sup> Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

<sup>5</sup> Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

|  |   |                |
|--|---|----------------|
| a. Female employees                          | 4 | hours          |
| b. Male employees                            | 4 | hours          |
| Average training hours provided to employees |   |                |
| a. Female employees                          | 4 | hours/employee |
| b. Male employees                            | 4 | hours/employee |

| What is the impact and where does it occur? What is the organization's involvement in the impact?  | Management Approach   |
|--|---|
| <i>Since there have been no law or regulation issued by the relevant agencies that would affect the operations of the Corporation or its subsidiaries, no seminars or training was provided to the employees.</i>  | <i>Directors, officers, and employees are expected and required to apprise themselves of all laws, rules, and regulations affecting their work. Management sponsors seminars or training for its directors, officers, and employees if it deems that such will enhance their ability to perform their duties.</i>                     |
| What are the Risk/s Identified?  | Management Approach   |
| <i>Each individual engaged by the Corporation performs a unique function in the organization, thus, such individuals may not be able to afford to be absent from work to attend such seminars or training. Another risk is that an employee cannot engage in self-improvement as seminars or training should only be limited to their actual work.</i> | <i>Management expects that the directors, officers, and employees who attend seminars or training ensure that the schedule thereof will not hamper the performance of their duties. Management tries to be understanding of such a schedule for so long as the tasks for the day are not crucial to the Corporation's operations.</i> |
| What are the Opportunity/ies Identified?   | Management Approach   |
| <i>Management has not identified any opportunity/s associated with this topic.</i>   | <i>None</i>   |

#### Labor-Management Relations

| Disclosure  | Quantity | Units |
|---|----------|-------|
| % of employees covered with Collective Bargaining Agreements                          | 0        | %     |
| Number of consultations conducted with employees concerning employee-related policies | 0        | #     |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach   |
|---|---|
| <i>Management sets and implements policies that impact employees without prior consultation.</i>  | <i>Universal policies established by Management and the HR manager are disseminated to all affected employees. Immediate compliance is expected and employees' concerns or grievances regarding said policies must be raised with the HR manager.</i> |
| What are the Risk/s Identified?   | Management Approach   |

|   |   |
|---|---|
| <i>Individual needs and concerns of employees may not be addressed resulting in disappointment, frustration and consequently attrition.</i> | <i>Management and the HR manager tries to take into consideration the specific circumstances of each employee affected.</i> |
| <b>What are the Opportunity/ies Identified?</b>   | <b>Management Approach</b>  |
| <i>Management has not identified any opportunity associated with this topic.</i>  | <i>None</i>   |

### Diversity and Equal Opportunity

| <b>Disclosure</b>   | <b>Quantity</b> | <b>Units</b> |
|---|-----------------|--------------|
| % of female workers in the workforce                                      | 60              | %            |
| % of male workers in the workforce  | 40              | %            |
| Number of employees from indigenous communities and/or vulnerable sector* | 0               | #            |

*\*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

|  |                            |
|--|----------------------------|
| <b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b> | <b>Management Approach</b> |
| <i>Management has not identified any impact associated with this topic.</i>                              | <i>None</i>                |
| <b>What are the Risk/s Identified?</b>   | <b>Management Approach</b> |
| <i>Management has not identified any risk/s associated with this topic.</i>                              | <i>None</i>                |
| <b>What are the Opportunity/ies Identified?</b>  | <b>Management Approach</b> |
| <i>Management has not identified any opportunity/ies associated with this topic.</i>                     | <i>None</i>                |

### Workplace Conditions, Labor Standards, and Human Rights

#### Occupational Health and Safety

| <b>Disclosure</b>              | <b>Quantity</b> | <b>Units</b> |
|--------------------------------|-----------------|--------------|
| Safe Man-Hours                 | 8               | Man-hours    |
| No. of work-related injuries   | 0               | #            |
| No. of work-related fatalities | 0               | #            |
| No. of work-related ill-health | 0               | #            |
| No. of safety drills           | 2               | Man-hours    |

|  |                            |
|--|----------------------------|
| <b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b> | <b>Management Approach</b> |
| <i>Management has not identified any impact associated with this topic.</i>                              | <i>None</i>                |
| <b>What are the Risk/s Identified?</b>   | <b>Management Approach</b> |

|  |                            |
|--|----------------------------|
| <i>Management has not identified any risk/s associated with this topic.</i>          | <i>None</i>                |
| <b>What are the Opportunity/ies Identified?</b>                                      | <b>Management Approach</b> |
| <i>Management has not identified any opportunity/ies associated with this topic.</i> | <i>None</i>                |

### Labor Laws and Human Rights

| <b>Disclosure</b>   | <b>Quantity</b> | <b>Units</b> |
|---|-----------------|--------------|
| No. of legal actions or employee grievances involving forced or child labor | 0               | #            |

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

| <b>Topic</b> | <b>Y/N</b> | <b>If Yes, cite reference in the company policy</b> |
|--------------|------------|---|
| Forced labor | N          |   |
| Child labor  | N          |   |
| Human Rights | N          |   |

|  |   |
|--|---|
| <b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>   | <b>Management Approach</b>  |
| <i>Considering the small number of employees employed by the Corporation and its subsidiaries, there is no need to formalize a policy that disallows violations of labor laws such as forced, child labor, and human rights.</i> | <i>The HR manager for the Philcomsat Group of Companies is well versed in labor laws and protection of human rights and who is known to all employees, thus any incident that violates labor laws and human rights can easily be addressed.</i> |
| <b>What are the Risk/s Identified?</b>   | <b>Management Approach</b>  |
| <i>Management has not identified any risk/s associated with this topic.</i>  | <i>None</i>   |
| <b>What are the Opportunity/ies Identified?</b>  | <b>Management Approach</b>  |
| <i>Management has not identified any opportunity/ies associated with this topic.</i>   | <i>None</i>   |

### Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

No

Do you consider the following sustainability topics when accrediting suppliers?

| <b>Topic</b>              | <b>Y/N</b> | <b>If Yes, cite reference in the supplier policy</b> |
|---------------------------|------------|--|
| Environmental performance | N          |  |
| Forced labor              | N          |  |
| Child labor               | N          |  |

|                        |   |  |
|------------------------|---|--|
| Human rights           | N |  |
| Bribery and corruption | N |  |

| What is the impact and where does it occur? What is the organization's involvement in the impact?  | Management Approach   |
|--|---|
| <i>The Corporation and its subsidiaries' main suppliers are limited to utility providers, professional staffing, and office supplies retailers, none of which require environmental performance background checks or policies on forced labor, child labor, human rights, bribery, and corruption.</i> | <i>If the Corporation or its subsidiaries engage in activities that have an impact on the environment, labor, human rights, or are susceptible to bribery and corruption, Management will establish policies and implement programs to consider these factors when accrediting suppliers.</i> |
| What are the Risk/s Identified?  | Management Approach   |
| <i>Management has not identified any risk/s associated with doing business with the main suppliers of the Corporation and its subsidiaries which consist only of utility providers, professional staffing, and office supplies retailers.</i>  | <i>If the Corporation or its subsidiaries engage in activities that have an impact on the environment, labor, human rights, or are susceptible to bribery and corruption, Management will establish policies and implement programs to consider these factors when accrediting suppliers.</i> |
| What are the Opportunity/ies Identified?   | Management Approach   |
| <i>Management has not identified any opportunity/ies associated with doing business with the main suppliers of the Corporation and its subsidiaries which consist only of utility providers, professional staffing, and office supplies retailers.</i>   | <i>If the Corporation or its subsidiaries engage in activities that have an impact on the environment, labor, human rights, or are susceptible to bribery and corruption, Management will establish policies and implement programs to consider these factors when accrediting suppliers.</i> |

## Relationship with Community

### Significant Impacts on Local Communities

| Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations) | Location | Vulnerable groups (if applicable)* | Does the particular operation have impacts on indigenous people (Y/N)? | Collective or individual rights that have been identified that or particular concern for the community | Mitigating measures (if negative) or enhancement measures (if positive) |
|--|----------|------------------------------------|--|--|---|
| None   | None     | None                               | N  | None   | None  |

\*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: None

| Certificates                     | Quantity | Units |
|----------------------------------|----------|-------|
| FPIC process is still undergoing | 0        | #     |
| CP secured                       | 0        | #     |

| What are the Risk/s Identified?  | Management Approach   |
|--|---|
| <i>The operations of the Corporation and its subsidiaries do not affect IPs; thus, Management has not identified any risk/s associated with this topic.</i>          | <i>In the event that the Corporation and its subsidiaries become engaged in activities that offer products or services that affect IPs, Management shall establish policies and implement programs for the protection of IPs.</i> |
| What are the Opportunity/ies Identified?   | Management Approach   |
| <i>The operations of the Corporation and its subsidiaries do not affect IPs; thus, Management has not identified any opportunity/ies associated with this topic.</i> | <i>In the event that the Corporation and its subsidiaries become engaged in activities that offer products or services that affect IPs, Management shall establish policies and implement programs for the protection of IPs.</i> |

## Customer Management

### Customer Satisfaction

| Disclosure            | Score | Did a third party conduct the customer satisfaction study (Y/N)? |
|-----------------------|-------|--|
| Customer satisfaction | 100   | N  |

| What is the impact and where does it occur? What is the organization's involvement in the impact?   | Management Approach   |
|---|---|
| <i>For its stock transfer services, customer satisfaction as to accuracy of the reports, the processing time for transfers, and the reliability of data is of paramount importance. Thus, PSTI has to ensure that the service always meets its clients' expectations.</i> | <i>Management ensures that all data is accurate and complete, and the work performed by its staff is satisfactory before releasing any report or information to the clients. Any concern of a client has to be resolved in a reasonable amount of time.</i> |
| What are the Risk/s Identified?   | Management Approach   |
| <i>In order to meet client's demands and regulatory deadlines, the client at times may not give PSTI sufficient time to properly review and check its generated reports.</i>  | <i>Management regularly meets with the client to request for feedback and an assessment of its performance so that any shortcomings can be addressed immediately.</i>   |
| What are the Opportunity/ies Identified?  | Management Approach   |
| <i>Constant need to keep PSTI updated regarding software for data entry and network security is the opportunity associated with this topic identified by Management.</i>  | <i>Automation of much of its processes is one of the approaches that Management intends to pursue in order to reduce man-power hours/requirements and ensure consistent/uniform quality of services provided to its clients.</i>                            |

### Health and Safety

| <b>Disclosure</b>  | <b>Quantity</b> | <b>Units</b> |
|--|-----------------|--------------|
| No. of substantiated complaints on product or service health and safety* | 0               | #            |
| No. of complaints addressed  | 0               | #            |

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

| <b>What is the impact and where does it occur?<br/>What is the organization's involvement in the impact?</b>                 | <b>Management Approach</b>   |
|--|--|
| <i>The services rendered by the Corporation and its subsidiaries do not compromise the health and safety of its clients.</i> | <i>In the event that the Corporation or its subsidiaries become engaged in or provide services that may pose a health and safety risk, Management shall establish policies and implement programs to protect the health and safety of its clients.</i> |
| <b>What are the Risk/s Identified?</b>   | <b>Management Approach</b>   |
| <i>Management has not identified any risk/s associated with this topic.</i>  | <i>In the event that the Corporation or its subsidiaries become engaged in or provide services that may pose a health and safety risk, Management shall establish policies and implement programs to protect the health and safety of its clients.</i> |

| <b>What are the Opportunity/ies Identified?</b>                                      | <b>Management Approach</b>   |
|--|--|
| <i>Management has not identified any opportunity/ies associated with this topic.</i> | <i>In the event that the Corporation or its subsidiaries become engaged in or provide services that may pose a health and safety risk, Management shall establish policies and implement programs to protect the health and safety of its clients.</i> |

### Marketing and labelling

| <b>Disclosure</b>   | <b>Quantity</b> | <b>Units</b> |
|---|-----------------|--------------|
| No. of substantiated complaints on marketing and labelling* | 0               | #            |
| No. of complaints addressed                                 | 0               | #            |

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

| <b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>                | <b>Management Approach</b>  |
|---|---|
| <i>The Corporation and its subsidiaries are not engaged in activities that require it to market and label products.</i> | <i>In the event that the Corporation or its subsidiaries become engaged in activities that require marketing or labelling of products, Management shall establish policies and implement programs for protection of the consumer.</i> |
| <b>What are the Risk/s Identified?</b>  | <b>Management Approach</b>  |
| <i>Management has not identified any risk/s associated with this topic.</i>   | <i>In the event that the Corporation or its subsidiaries become engaged in activities that require marketing or labelling of products, Management shall establish policies and implement programs for protection of the consumer.</i> |

| What are the Opportunity/ies Identified?   | Management Approach   |
|--|---|
| <i>Management has not identified any opportunity/ies associated with this topic.</i> | <i>In the event that the Corporation or its subsidiaries become engaged in activities that require marketing or labelling of products, Management shall establish policies and implement programs for protection of the consumer.</i> |

#### Customer privacy

| Disclosure   | Quantity | Units |
|--|----------|-------|
| No. of substantiated complaints on customer privacy*   | 0        | #     |
| No. of complaints addressed  | 0        | #     |
| No. of customers, users and account holders whose information is used for secondary purposes | 0        | #     |

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

| What is the impact and where does it occur? What is the organization's involvement in the impact?   | Management Approach   |
|---|---|
| <i>The Corporation's subsidiary, Professional Stock and Transfer, Inc. (PSTI), collects information from its clients such as names, addresses, contact details, and shareholdings.</i>  | <i>PSTI obtains the consent of each client before their personal information is collected and is transparent in how the data is used and secured. The use of customer data is limited to the purpose agreed upon with the client and/or in compliance with the regulatory requirements of the clients of PSTI.</i>                              |
| What are the Risk/s Identified?   | Management Approach   |
| <i>The risks identified with this topic are the unauthorized disclosure of the clients' personal information, unauthorized use of such data, and/or breach of data security measures that may be committed by rogue employees or individuals external to the Corporation or its subsidiaries.</i> | <i>Management requires that personal information of clients is only stored on its secure network. Management ensures that applicants for employment at PSTI are properly screened. PSTI's employees are apprised/oriented with the applicable data protection laws, rules, and regulations and are mandated to ensure compliance therewith.</i> |
| What are the Opportunity/ies Identified?  | Management Approach   |
| <i>The only opportunity identified by PSTI in regards to this topic is that it continually educates itself on and invests in network security.</i>  | <i>Management's approach is to prevent any incident of data breach or violation of its data protection measures since the loss of confidence that may be brought about by such a breach would be irreparable.</i>   |

#### Data Security

| Disclosure   | Quantity | Units |
|--|----------|-------|
| No. of data breaches, including leaks, thefts and losses of data | 0        | #     |

| What is the impact and where does it occur? What is the organization's involvement in the impact?                | Management Approach   |
|--|---|
| <i>The Corporation's subsidiary, Professional Stock and Transfer, Inc. (PSTI), collects information from its</i> | <i>PSTI obtains the consent of each client before their personal information is collected and is transparent in how the data is</i> |

|   |   |
|---|---|
| <i>clients such as names, addresses, contact details, and shareholdings.</i>  | <i>used and secured. The use of customer data is limited to the purpose agreed upon with the client and/or in compliance with the regulatory requirements of the clients of PSTI.</i>   |
| <b>What are the Risk/s Identified?</b>  | <b>Management Approach</b>  |
| <i>The risks identified with this topic are the unauthorized disclosure of the clients' personal information, unauthorized use of such data, and/or breach of data security measures by individuals or rogue employees.</i> | <i>Management requires that personal information of clients is only stored on its secure network. Management ensures that applicants for employment at PSTI are properly screened. PSTI's employees are apprised/oriented with the applicable data protection laws, rules, and regulations and are mandated to ensure compliance therewith.</i> |
| <b>What are the Opportunity/ies Identified?</b>   | <b>Management Approach</b>  |
| <i>The only opportunity identified by PSTI in regards to this topic is that it continually educates itself on and invests in network security.</i>  | <i>Management's approach is to prevent any incident of data breach or violation of its data protection measures since the loss of confidence that may be brought about by such a breach would be irreparable.</i>   |

## UN SUSTAINABLE DEVELOPMENT GOALS

### Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

| <b>Key Products and Services</b> | <b>Societal Value / Contribution to UN SDGs</b> | <b>Potential Negative Impact of Contribution</b>                      | <b>Management Approach to Negative Impact</b>   |
|----------------------------------|---|---|---|
| Stock transfer services          | Goal No. 8 - Decent Work and Economic Growth    | Unlikely to provide more employment unless the client base increases. | Aggressive marketing of its services to other PLCs and registered companies is required to be able to achieve its UN SDG. |
| Money Market Operations          | Goal No. 8 - Decent Work and Economic Growth    | Unlikely to provide more employment due to the nature of business.    | Investment in subsidiaries that are labor intensive is required to be able to achieve its UN SDG.                         |

\* *None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*



**PHILCOMSAT HOLDINGS CORPORATION AND SUBSIDIARIES**  
**FOR THE QUARTERS ENDED OF MARCH 31, 2024 AND 2023**

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**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**

**GENERAL INSTRUCTIONS**

**(a) Use of Form 17-Q**

This SEC Form 17-Q shall be used for quarterly reports under Section 17 of the Code, filed pursuant to paragraph (2)(b) of SRC Rule 17 thereunder and shall be filed within 45 calendar days after the end of each of the first three fiscal quarters of each fiscal year. The first quarterly report of the issuer shall be filed either within 45 calendar days after the effective date of the registration statement or on or before the date on which such report would have been required to be filed if the issuer had been required previously to file reports on SEC Form 17-Q, whichever is later. No report need be filed for the fourth quarter of any fiscal year.

**(b) Application of SRC Rule 72.1: Requirements for Filing Forms**

SRC Rule 72.1 contains general rules and regulations which are applicable to reports on forms to be filed with the Commission. SRC Rule 68 contains requirements for the content of financial statements to be filed with the Commission as part of this report. These Rules should be carefully read and observed in the preparation and filing of reports on this Form.

**(c) Preparation of Report**

(1) This is not a blank form to be filled in. It is a guide to be used in preparing the report in accordance with SRC Rule 72.1. The Commission does not furnish blank copies of this Form to be filled in for filing.

(2) These general instructions are not to be filed with the report. The instructions to the various captions of the form are also to be omitted from the report as filed. The report shall contain the numbers and captions of all applicable items, but the text of such items may be omitted, provided the answers thereto are prepared in the manner specified in SRC Rule 72.1. All items that are not required to be answered in a particular report may be omitted and no reference thereto need be made in the report. All instructions should also be omitted.

**(d) Incorporation by Reference**

In accordance with the provisions of SRC Rule 12-2, if the issuer makes available to its stockholders or otherwise publishes, within the period prescribed for filing the report, a document or statement containing information meeting some or all of the requirements of Part I of this Form, the information called for may be incorporated by reference from such published document or statement, in answer or partial answer to any item or items of Part I of this Form, provided copies thereof are filed as an exhibit to Part I, and all information called for in this Form is supplied.

**(e) Integrated Reports to Security Holders**

Quarterly reports to security holders may be combined with the required information of Form 17-Q and will be suitable for filing with the Commission if the combined report contains full and complete answers to all items required by this Form. When responses to a certain item of required disclosure are separated within the combined report, an appropriate cross-reference should be made.

**(f) Signature and Filing of Report**

(1) Five complete copies of the report, including any financial statements, exhibit or other paper or document filed as a part thereof shall be filed with the Commission. At least one complete copy of the report, including any financial statements, exhibit or other paper or document filed as a part thereof, shall, if any class of the issuer's securities are listed in a stock exchange, be filed with that Exchange.

(2) At least one complete copy of the report filed with the Commission and, when applicable, one copy filed with the Exchange shall be manually signed on the issuer's behalf by a duly authorized officer of the issuer and by the principal financial or chief accounting officer of the issuer. Copies not manually signed shall bear typed or printed signatures. In the case where the principal financial officer or chief accounting officer is also duly authorized to sign on behalf of the issuer, one signature is acceptable provided the issuer clearly indicates the dual responsibilities of the signatory. See also paragraph (2) and (3) of SRC Rule 72.1 concerning copies, binding, signatures, paper, printing, language, and pagination.

**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, 2024
2. Commission identification number 11163
3. BIR Tax Identification No 000-471-497-000
4. Exact name of issuer as specified in its charter PHILCOMSAT HOLDINGS CORPORATION
5. Province, country or other jurisdiction of incorporation or organization Philippines
6. Industry Classification Code:  (SEC Use Only)
7. Address of issuer's principal office 316 Sen. Gil Puyat Avenue, Makati City Postal Code 1200
8. Issuer's telephone number, including area code (632) 815-9556
9. Former name, former address and former fiscal year, if changed since last report Not Applicable
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

| Title of each Class | Number of shares of common<br>stock outstanding and amount<br>of debt outstanding |
|---------------------|---|
| Common Shares       | 996,391,254   |

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

Yes  No

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

Philippine Stock Exchange      Common shares

12. 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  No

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

Yes  No

## 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.

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

Furnish the information required by Part III, Paragraph (A)(2)(b) of "Annex C".

## 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.

## SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer PHILCOMSAT HOLDINGS CORPORATION



ERLINDA I. BILDNER  
Treasurer and Chief Finance Officer

May 14, 2024

## **BUSINESS OVERVIEW**

Philcomsat Holdings Corporation, formerly Liberty Mines, Inc. was incorporated on May 10, 1956. On January 10, 1997, the Corporation approved amendments of its Articles of Incorporation, changing its primary purpose from embarking in the discovery, exploration, development and exploration of mineral oils, petroleum in its natural state, rock or carbon oils and other volatile mineral substances to a holding company and changing its name and declassifying its shares. These changes were filed with the Securities and Exchange Commission (SEC) on April 14, 1997, respectively. The authorized capital of the Corporation is One Billion Pesos (P1,000,000,000) divided into one billion (1,000,000,000) common shares with a par value of P1.00 per share. Of the total authorized capital stock, sixty million (60,000,000) shares are listed at the Philippine Stock Exchange (PSE).

**PHILCOMSAT HOLDINGS CORPORATION**  
*(A Subsidiary of Philippine Communications Satellite Corporation)*  
**AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2024 AND 2023 AND DECEMBER 31, 2023**  
*(Amounts in Philippine Pesos)*

|  | <b>March 31,<br/>2024</b><br><b>(Unaudited)</b> | <b>March 31,<br/>2023</b><br><b>(Unaudited)</b> | <b>December 31,<br/>2023</b><br><b>(Audited)</b> |
|--|---|---|--|
| <b>ASSETS</b>  |   |   |  |
| <b>Current Assets</b>  |   |   |  |
| Cash and cash equivalents (Notes 2, 3, 4, 20 and 21)   | <b>P109,973,731</b>                             | P79,338,135                                     | P119,750,672                                     |
| Receivables (Notes 2, 3, 5, 18, 20 and 21)   | <b>120,930,870</b>                              | 178,733,107                                     | 119,371,493                                      |
| Due from related parties (Notes 2, 3, 18, 20 and 21)   | <b>8,442,728</b>                                | 264,773,649                                     | 6,938,183  |
| Financial assets at fair value through profit or loss<br>(FVPL) (Notes 2, 3, 20 and 21)                    | <b>131,104</b>                                  | 102,184   | 131,104  |
| Assets held for sale (Notes 2, 3 and 6)  | <b>7,145,015</b>                                | –   | 8,999,710  |
| Other current assets (Notes 2 and 3)   | <b>696,620</b>                                  | 584,498   | 321,018  |
| <b>Total Current Assets</b>  | <b>247,320,068</b>                              | 523,531,573                                     | 255,512,180                                      |
| <b>Noncurrent Assets</b>   |   |   |  |
| Financial assets at fair value through<br>other comprehensive income (FVOCI)<br>(Notes 2, 3, 7, 20 and 21) | <b>897,238,954</b>                              | 953,992,204                                     | 912,363,316                                      |
| Receivables – noncurrent (Notes 2, 3, 5, 20 and 21)  | <b>–</b>  | 5,000,000                                       | –  |
| Investment properties (Notes 2, 3 and 8)   | <b>341,932,474</b>                              | 2,249,424                                       | 337,864,550                                      |
| Right-of-use (ROU) assets – net (Notes 2, 3 and 13)  | <b>1,607,156</b>                                | 2,636,859                                       | 2,057,355  |
| Property and equipment – net (Notes 2, 3 and 9)  | <b>44,649</b>                                   | 52,813  | 52,156   |
| Deferred tax assets – net (Notes 2 and 17)   | <b>30,865</b>                                   | 6,123   | 132,199  |
| Other noncurrent assets (Notes 2, 3 and 10)  | <b>10,766,125</b>                               | 6,976,154                                       | 11,757,366                                       |
| <b>Total Noncurrent Assets</b>   | <b>1,251,620,223</b>                            | 970,913,577                                     | 1,264,226,942                                    |
|  | <b>P1,498,940,291</b>                           | P1,494,445,150                                  | P1,519,739,122                                   |
| <b>LIABILITIES AND EQUITY</b>  |   |   |  |
| <b>Current Liabilities</b>   |   |   |  |
| Trade and statutory payables (Notes 2, 3, 12, 20 and 21)   | <b>P1,812,378</b>                               | P4,499,668                                      | P6,729,170                                       |
| Dividends payable (Notes 2, 3, 20 and 21)  | <b>5,184,637</b>                                | 8,227,762                                       | 5,184,637  |
| Due to a related party (Notes 2, 3, 18, 20 and 21)   | <b>1,344,614</b>                                | –   | 28,344,614                                       |
| Lease liabilities – current (Notes 2, 3, 13, 20 and 21)  | <b>1,409,856</b>                                | 1,166,596                                       | 1,865,929  |
| <b>Total Current Liabilities</b>   | <b>9,751,485</b>                                | 13,894,026                                      | 42,124,350                                       |
| <b>Noncurrent Liabilities</b>  |   |   |  |
| Deposit for future stock subscription (Notes 2 and 18)   | <b>18,894,000</b>                               | 18,894,000                                      | 18,894,000                                       |
| Lease liabilities – noncurrent (Notes 2, 3, 13, 20 and 21)   | <b>265,843</b>                                  | 1,487,184                                       | 265,843  |
| <b>Total Noncurrent Liabilities</b>  | <b>19,159,843</b>                               | 20,381,184                                      | 19,159,843                                       |
| <b>Total Liabilities</b>   | <b>28,911,328</b>                               | 34,275,210                                      | 61,284,193                                       |
| <b>Equity</b>  |   |   |  |
| Share capital (Notes 2 and 22)   | <b>996,391,254</b>                              | 996,391,254                                     | 996,391,254                                      |
| Retained earnings (Notes 2, 7 and 22)  | <b>504,274,851</b>                              | 491,309,828                                     | 498,504,554                                      |
| Other equity reserves (Notes 2, 7 and 22)  | <b>(30,637,142)</b>                             | (27,531,142)                                    | (36,440,879)                                     |
| <b>Total Equity</b>  | <b>1,470,028,963</b>                            | 1,460,169,940                                   | 1,458,454,929                                    |
|  | <b>P1,498,940,291</b>                           | P1,494,445,150                                  | P1,519,739,122                                   |

See accompanying Notes to Financial Statements.

**PHILCOMSAT HOLDINGS CORPORATION**  
*(A Subsidiary of Philippine Communications Satellite Corporation)*  
**AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE QUARTERS ENDED MARCH 31, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*

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|  | From January 1<br>to March 31,<br>2024<br>(Unaudited) | From January 1<br>to March 31,<br>2023<br>(Unaudited) |
|--|---|---|
| <b>REVENUE</b> (Notes 2 and 14)                              | <b>P13,005,519</b>                                    | P16,387,166   |
| <b>COSTS AND EXPENSES</b><br>(Notes 2 and 15)                | <b>(7,908,557)</b>                                    | (7,800,271)   |
| <b>OTHER INCOME (CHARGES)</b><br>– net (Notes 2, 7 and 16)   | <b>362,810</b>  | (814,868)   |
| <b>FINANCE COSTS</b> (Notes 2 and 13)                        | <b>(29,823)</b>                                       | (15,803)  |
| <b>INCOME BEFORE INCOME TAX</b>                              | <b>5,429,949</b>                                      | 7,756,224   |
| <b>PROVISION FOR INCOME TAX</b><br>(Notes 2, 3 and 17)       |   |   |
| Current  | 265,706   | 294,346   |
| Deferred   | 101,334   | (1,545,833)   |
|  | <b>367,040</b>  | (1,251,487)   |
| <b>NET INCOME</b>  | <b>P5,062,909</b>                                     | P9,007,711  |
| <b>BASIC/DILUTED EARNINGS<br/>PER SHARE</b> (Notes 2 and 19) | <b>P0.0051</b>  | P0.0090   |

See accompanying Notes to Financial Statements.

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**PHILCOMSAT HOLDINGS CORPORATION**  
*(A Subsidiary of Philippine Communications Satellite Corporation)*  
**AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE QUARTERS ENDED MARCH 31, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*

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|   | <b>From January 1<br/>to March 31,<br/>2024</b> | <b>From January 1<br/>to March 31,<br/>2023</b> |
|---|---|---|
|   | <b>(Unaudited)</b>                              | <b>(Unaudited)</b>                              |
| <b>NET INCOME</b>   | <b>P5,062,909</b>                               | P9,007,711                                      |
| <b>OTHER COMPREHENSIVE<br/>INCOME (LOSS) (Notes 2 and 7)</b>    |   |   |
| <i>Items that may be reclassified<br/>to profit or loss</i>     |   |   |
| Unrealized gain (loss) on debt<br>instruments at FVOCI          | (4,993,641)                                     | 3,597,162                                       |
| <i>Items that may not be reclassified<br/>to profit or loss</i> |   |   |
| Unrealized gain on equity<br>instruments at FVOCI               | 11,445,779                                      | 594,250   |
| <b>TOTAL COMPREHENSIVE<br/>INCOME</b>                           | <b>P11,515,047</b>                              | P13,199,123                                     |

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*See accompanying Notes to Financial Statements.*

**PHILCOMSAT HOLDINGS CORPORATION**  
*(A Subsidiary of Philippine Communications Satellite Corporation)*  
**AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE QUARTERS ENDED MARCH 31, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*

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|   | <b>From January 1<br/>to March 31,<br/>2024</b> | <b>From January 1<br/>to March 31,<br/>2023</b> |
|---|---|---|
|   | <b>(Unaudited)</b>                              | <b>(Unaudited)</b>                              |
| <b>NET INCOME</b>   | <b>P5,062,909</b>                               | P9,007,711                                      |
| <b>OTHER COMPREHENSIVE INCOME (LOSS) (Notes 2 and 7)</b>    |   |   |
| <i>Items that may be reclassified to profit or loss</i>     |   |   |
| Unrealized gain (loss) on debt instruments at FVOCI         | (4,993,641)                                     | 3,597,162                                       |
| <i>Items that may not be reclassified to profit or loss</i> |   |   |
| Unrealized gain on equity instruments at FVOCI              | 11,445,779                                      | 594,250   |
| <b>TOTAL COMPREHENSIVE INCOME</b>                           | <b>P11,515,047</b>                              | P13,199,123                                     |

*See accompanying Notes to Financial Statements.*

**PHILCOMSAT HOLDINGS CORPORATION**  
*(A Subsidiary of Philippine Communications Satellite Corporation)*  
**AND SUBSIDIARIES**

**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE QUARTERS ENDED MARCH 31, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*

|  | From January 1<br>to March 31,<br>2024<br>(Unaudited) | From January 1<br>to March 31,<br>2023<br>(Unaudited) |
|--|---|---|
| <b>SHARE CAPITAL</b> – P1 par value (Notes 2 and 22)   |   |   |
| Authorized – 1,000,000,000 shares  |   |   |
| Issued – 996,391,254 shares  | <b>P996,391,254</b>                                   | P996,391,254  |
| <b>RETAINED EARNINGS</b> (Notes 2, 7 and 22)   |   |   |
| Balance at beginning of period   | 498,504,554   | 481,982,037   |
| Net income   | 5,062,909   | 9,007,711   |
| Reclassification of cumulative fair value changes of equity instruments measured at FVOCI sold from other comprehensive income | 707,388   | 320,080   |
| Balance at end of period   | <b>504,274,851</b>                                    | 491,309,828   |
| <b>OTHER EQUITY RESERVES</b> (Notes 2, 7 and 22)   |   |   |
| Balance at beginning of period   | (36,440,879)  | (31,293,658)  |
| Unrealized gain for the period   | 6,452,138   | 4,191,412   |
| Reclassification of cumulative fair value changes of debt instruments measured at FVOCI sold to profit or loss                 | 58,987  | (108,816)   |
| Reclassification of cumulative fair value changes of equity instruments measured at FVOCI sold to retained earnings            | (707,388)   | (320,080)   |
| Balance at end of period   | <b>(30,637,142)</b>                                   | (27,531,142)  |
| <b>TOTAL EQUITY</b>  | <b>P1,470,028,963</b>                                 | P1,460,169,940  |

See accompanying Notes to Financial Statements.

**PHILCOMSAT HOLDINGS CORPORATION**  
*(A Subsidiary of Philippine Communications Satellite Corporation)*  
**AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE QUARTERS ENDED MARCH 31, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*

|  | From January 1<br>to March 31,<br>2024<br>(Unaudited) | From January 1<br>to March 31,<br>2023<br>(Unaudited) |
|--|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |   |   |
| Income before income tax   | P5,429,949  | P7,756,224  |
| Adjustments for:   |   |   |
| Depreciation (Notes 9 and 13)  | 457,706   | 456,854   |
| Realized loss (gain) on sale of debt instruments<br>measured at FVOCI (Notes 7 and 16) | 58,987  | (108,816)   |
| Finance costs (Note 13)  | 29,823  | 15,803  |
| Unrealized foreign exchange loss (gain) (Note 16)                                      | (421,797)   | 923,684   |
| Operating income before changes in assets and liabilities                              | 5,554,668   | 9,043,749   |
| Decrease (increase) in:  |   |   |
| Receivables (Note 5)   | (1,559,377)   | (4,680,775)   |
| Due from related parties (Note 18)   | (1,504,545)   | –   |
| Other current assets   | (375,602)   | (192,579)   |
| Assets held for sale (Note 6)  | 1,854,695   | –   |
| Other non current assets (Note 10)   | 2,683,511   | (14,782)  |
| Decrease in  |   |   |
| Trade and statutory payables (Note 12)   | (4,916,792)   | (691,848)   |
| Due to related party (Note 18)   | (27,000,000)  | –   |
| Net cash provided by (used in) operations  | (25,263,442)  | 3,463,765   |
| Acquisition of financial assets at FVOCI (Note 7)                                      | (19,437,429)  | (60,666,327)  |
| Proceeds from redemption and maturity of financial assets<br>at FVOCI (Note 7)         | 41,013,929  | 61,478,823  |
| Income tax paid  | (1,957,976)   | (164,662)   |
| Net cash provided by (used in) operating activities                                    | (5,644,918)   | 4,111,599   |
| <b>CASH FLOW FROM INVESTING ACTIVITY</b>   |   |   |
| Additions to investment properties (Note 8)  | (4,067,924)   |   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |   |   |
| Dividends paid   | –   | (744,745)   |
| Payments of:   |   |   |
| Lease liabilities (Note 13)  | (456,073)   | (435,349)   |
| Interest on lease liabilities (Note 13)  | (29,823)  | (15,803)  |
| Cash used in financing activities  | (485,896)   | (1,195,897)   |
| <b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND<br/>CASH EQUIVALENTS</b>               |   |   |
|  | 421,797   | (923,684)   |

*Forward*

|   | From January 1<br>to March 31,<br>2024<br>(Unaudited) | From January 1<br>to March 31,<br>2023<br>(Unaudited) |
|---|---|---|
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                   | <b>(9,776,941)</b>                                    | <b>1,992,018</b>                                      |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>                       | <b>119,750,672</b>                                    | <b>77,346,117</b>                                     |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>                             | <b>P109,973,731</b>                                   | <b>P79,338,135</b>                                    |
| <b>NONCASH FINANCIAL INFORMATION</b>  |   |   |
| Initial recognition of ROU assets relating to lease of office space (Note 13) | P-  | (P2,831,920)  |
| Initial recognition of lease liabilities (Note 13)                            | -   | 2,831,920   |
|   | P-  | P-  |

See accompanying *Notes to Financial Statements*.

**PHILCOMSAT HOLDINGS CORPORATION**  
(A Subsidiary of Philippine Communications Satellite Corporation)  
**AND SUBSIDIARIES**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2024 AND 2023 AND DECEMBER 31, 2023**  
**AND FOR THE QUARTERS ENDED MARCH 31, 2024 AND 2023**

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**1. General Information**

Corporate Information

Philcomsat Holdings Corporation (formerly Liberty Mines, Inc.) [the Parent Company] was incorporated and registered with the Securities and Exchange Commission (SEC) on May 10, 1956 with the primary purpose of embarking in the discovery, exploration, development and exploitation of mineral oils, petroleum in its natural state, rock or carbon oils and other volatile mineral substance and with the secondary purpose of engaging in the business of mining in general. The Parent Company ceased oil and mining operations in 1992.

On July 23, 1997, the SEC approved the amended Articles of Incorporation of the Parent Company consisting of: a) change in its primary purpose from an exploration and mining company to a holding company and revision of its secondary purpose clauses; and b) change of the corporate name from Liberty Mines, Inc. to Philcomsat Holdings Corporation.

The Parent Company started operations as a holding company on January 1, 2000. The Parent Company derives income from money market placements, bank deposits, financial assets at FVOCI and other investments.

On May 9, 2006, the SEC approved the extension of the Parent Company's corporate life for another fifty (50) years.

On May 23, 2016, the Parent Company's Board of Directors (BOD) confirmed and ratified its previous resolution increasing the authorized capital stock of the Parent Company from P1.0 billion, divided into 1,000,000,000 shares with par value of P1 per share, to P3.0 billion, divided into 3,000,000,000 shares with par value of P1 per share. As at report date, the resolution is awaiting ratification by the stockholders and pending application with SEC.

The Parent Company is 79.94% owned by Philippine Communications Satellite Corporation (Philcomsat), a company incorporated in the Philippines. The ultimate parent company is Philippine Overseas Telecommunications Corporation (POTC), a company also incorporated in the Philippines. Philcomsat and POTC are both engaged in the telecommunications business.

The Parent Company and all of its subsidiaries (collectively referred to as "the Group") were incorporated in the Philippines. The following are the subsidiaries and the respective percentages of ownership as at March 31, 2024 and 2023 and December 31, 2023:

|   | Percentage of Ownership |          |                   |          |
|---|-------------------------|----------|-------------------|----------|
|   | March 31, 2024          |          | December 31, 2023 |          |
|   | Direct                  | Indirect | Direct            | Indirect |
| Philcomsat Management Enterprises Inc. (PMEI) | 100.00                  | -        | 100.00            | -        |
| Professional Stock Transfer Inc. (PSTI)*      | -                       | 100.00   | -                 | 100.00   |

\*Parent Company's ownership in PSTI is indirect through PMEI.

The principal activities of the subsidiaries are as follows:

| Name of Subsidiaries | Principal Activities  |
|----------------------|-----------------------|
| PMEI                 | Management services   |
| PSTI                 | Stock transfer agency |

The registered address of the Parent Company is at 12th Floor, Telecoms Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City.

**Listing of Shares in Philippine Stock Exchange (PSE)**

The Parent Company's original 60 million shares are listed and used to be traded in the PSE.

On May 3, 2007, the PSE suspended the trading of the Parent Company's shares due to pending compliance with certain structured reportorial requirements. On December 3, 2008, the SEC ordered the suspension of the Parent Company's registration of securities from the date of the receipt of the Order until the Parent Company is able to submit the reportorial requirements and fully pay the corresponding penalties.

On April 1, 2014, the Parent Company, through its legal counsel, submitted to the SEC a letter request for the lifting of the order of suspension and for a compromise payment of the penalties. The SEC, on December 29, 2015, lifted the order of suspension and directed the Parent Company to file an updated Registration Statement.

As at the date of report, the Parent Company is still in the process of preparing the updated Registration Statement.

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## **2. Summary of Material Accounting Policies and Disclosures**

**Basis of Preparation**

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee.

**Measurement Bases**

The consolidated financial statements are presented in Philippine Peso (Peso) which is the Group's functional and presentation currency. All values are rounded to the nearest Peso, except as otherwise indicated.

The consolidated financial statements of the Group have been prepared on the historical cost basis, except for financial assets measured at FVPL and financial assets measured at FVOCI. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability.

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 transaction date.

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 prices (unadjusted) 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; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values of financial assets at FVPL, financial assets at FVOCI, investment property and financial assets and liabilities are disclosed in Notes 6, 7, 8 and 20, respectively.

#### Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended PFRS which the Group adopted effective for annual periods beginning on or after January 1, 2024:

- Amendments to PAS 1, *"Presentation of Financial Statements – Noncurrent Liabilities with Covenants"*

The amendments clarify how conditions with which an entity must comply within twelve months after the reporting date affect the classification of a liability. The amendments modify the requirements introduced by PAS 1, *Presentation of Financial Statements – Classification of Liabilities as Current or Noncurrent*, on how an entity classifies debt and other financial liabilities as current or noncurrent in particular circumstances. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or noncurrent. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that noncurrent liabilities with covenants could become repayable within twelve months.

The adoption of this amendment is not expected to have any significant impact on the consolidated financial statements.

- Amendments to PAS 16, *"Leases – Lease Liability in a Sale and Leaseback"*

The amendments specify how a seller-lessee should apply the subsequent measurement requirements in PFRS 16 to the lease liability that arises in the sale and leaseback transaction. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss relating to the partial or full termination of a lease. The amendments also do not prescribe specific measurement requirements for lease liabilities arising from a leaseback.

The adoption of this amendment is not expected to have any significant impact on the consolidated financial statements.

- Amendments to PAS 7 and PFRS 7, "*Supplier Finance Arrangements*"

The amendments are intended to enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk.

The amendments require an entity to disclose the following for its supplier finance arrangements:

- the terms and conditions of the arrangements;
- the carrying amounts and associated line items of financial liabilities in the statement of financial position that are part of a supplier finance arrangement, with breakup of the amounts for which the suppliers have already received payment from the finance providers;
- ranges of payment due dates; and
- liquidity risk information.

The amendments also include explanation of characteristics of a supplier finance arrangements and provide transitional relief, mainly for disclosure of comparative information.

The Group will adopt this amendment and effect any disclosure requirements on the consolidated financial statements.

#### New Accounting Standards, Amendments to Existing Standards and Interpretations

##### Effective Subsequent to March 31, 2024

The standards, amendments and interpretations which have been issued but not yet effective as at March 31, 2024 are disclosed below. Except as otherwise indicated, the Group does not expect the adoption of the applicable new and amended PFRS to have a significant impact on the financial position or performance.

##### *Effective beginning on or after January 1, 2025\**

- PFRS 17, "*Insurance Contracts*"\*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, "*Insurance Contracts*". This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adoption for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

- Amendments to PFRS 17, "*Insurance Contracts*"\*

The amendments, which respond to feedback from stakeholders, are designed to:

- Reduce costs by simplifying some requirements in the Standard;
- Make financial performance easier to explain; and
- Ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying PFRS 17 for the first time.

The amendments are not applicable to the Group since it does not have activities that are predominantly connected with insurance or issue insurance contracts.

- Amendment to PFRS 17, "*Initial Application of PFRS 17 and PFRS 9 – Comparative Information*"

The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

The adoption of this amendment is not expected to have any significant impact on the consolidated financial statements.

\*On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of IFRS 17 by two (2) years after its effective date as decided by the IASB.

- Amendments to PAS 21, "*Lack of Exchangeability*"

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

When applying the amendments, an entity cannot restate comparative information.

#### *Deferred Effectivity*

- Amendments to PFRS 10 and PAS 28, "*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*"

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

On January 13, 2016, the FRSC deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

These amendments may apply to future transactions of the Group.

- Deferment of Implementation of International Financial Reporting Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, "Borrowing Cost") for the Real Estate Industry

In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35 (c) of PFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under PAS 23 considering that these inventories are ready for their intended sale in their current condition.

On February 21, 2020, the Philippine SEC issued MC No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Effective January 2021, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC agenda decision.

The adoption of this amendment is not expected to have any significant impact on the consolidated financial statements since the Group is not in a real estate industry.

#### *No Mandatory Effective Date*

- PFRS 9, "Financial Instruments (Hedge Accounting and Amendments to PFRS 9, PFRS 7 and PAS 39)"

The amendments require the inclusion of general hedge accounting model in the notes disclosure to the financial statements. The amendments allow early adoption of the requirement to present fair value changes due to own credit on liabilities designated as at fair value through profit or loss (FVPL) to be presented in the other comprehensive income.

These amendments are not applicable to the Group and expected not to have an impact on the consolidated financial statements.

#### Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries. Subsidiaries are entities controlled by the Parent Company. In assessing control, the Parent Company considers if it is exposed, or has right, to variable returns from its investment with the subsidiary and if it has the ability to affect those returns.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continue to be consolidated until the date such control ceases. The results of operations of the subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.

Changes in the controlling equity ownership (i.e., acquisition of non-controlling interest or partial disposal of interest over a subsidiary) that do not result in a loss of control are accounted for as equity transactions.

All intragroup balances, transactions, income and expenses and unrealized gains and losses are eliminated in full.

Noncontrolling interests pertain to the portion of profit or loss and the net assets in subsidiaries not held by the Parent Company and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position. Noncontrolling interests represent the interests of minority shareholders.

The financial statements of subsidiaries are prepared for the same accounting policies as that of the Parent Company.

The financial statements of the Parent Company and PMEI are prepared for the same reporting year.

PSTI and the Parent Company do not have the same reporting periods. PSTI prepares its financial statements as at and for the fiscal year ending June 30 which is different from the Parent Company's reporting period as at and for the calendar year ending December 31. For purposes of consolidation, PSTI prepares financial statements (unaudited) as at and for the year ended December 31.

#### *Current versus Noncurrent Classification*

The Group presents assets and liabilities in the consolidated statements of financial position based on current or noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

Deferred income tax assets are classified as noncurrent assets.

#### *Financial Assets and Liabilities*

##### *Date of Recognition*

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

##### *Initial Recognition and Measurement*

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at FVPL includes transaction cost.

#### *"Day 1" Difference*

Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

#### *Classification*

The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at FVOCI. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's business model and its contractual cash flow characteristics.

#### *Financial Assets at FVPL*

Financial assets at FVPL are either classified as held for trading or designated at FVPL. A financial instrument is classified as held for trading if it meets either of the following conditions:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

This category includes equity instruments which the Group had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not "solely for payment of principal and interest" assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Group may, at initial recognition, designate a financial asset meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets.

After initial recognition, financial assets at FVPL are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL are recognized in profit or loss.

As at March 31, 2024 and 2023, and December 31, 2023, the Group's marketable securities are classified under this category.

#### *Financial Assets at Amortized Cost*

Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset 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.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at March 31, 2024 and 2023, and December 31, 2023, the Group's cash and cash equivalents, receivables (excluding advances subject to liquidation) and due from related parties are classified under this category (see Notes 4, 5 and 18).

#### *Financial Assets at FVOCI*

For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; 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.

For equity instruments, the Group may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment gains or losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the consolidated statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As at March 31, 2024 and 2023, and December 31, 2023, the Group designated its investments in quoted bonds, quoted and unquoted shares of stocks, UITF and club membership as financial assets at FVOCI (see Note 7).

#### *Financial Liabilities at FVPL*

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the consolidated statements of comprehensive income.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability at FVPL.

The Group does not have financial liabilities at FVPL as at March 31, 2024 and 2023, and December 31, 2023.

*Financial Liabilities at Amortized Cost*

Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

As at March 31, 2024 and 2023, and December 31, 2023, the Group's trade and other payables, customers' deposits, due to a related party and lease liabilities are classified under this category (see Notes 12, 13 and 18).

*Reclassification*

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

#### *Impairment of Financial Assets at Amortized Cost and FVOCI*

The Group records an allowance for ECL which is 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. The difference is then discounted at an approximation to the asset's original effective interest rate.

For debt instruments and other financial assets at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

#### *Derecognition of Financial Assets and Financial Liabilities*

##### *Financial Assets*

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

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

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial 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, cancelled or has expired. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the consolidated statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

#### *Offsetting of Financial Assets and Liabilities*

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

#### *Classification of Financial Instrument between Liability and Equity*

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

#### Advances Subject to Liquidation

Advances subject to liquidation pertain to cash advances to employees used for the Group's operations that are subject to liquidation. These are initially measured at cost less impairment in value, if any.

#### Assets Held for Sale

Noncurrent assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather continuing use and a sale is highly probable. They are measured at the lower of their carrying amount and fair values less costs to sell.

An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the noncurrent assets is recognized at the date of derecognition.

Noncurrent assets are not depreciated or amortized while they are classified as held for sale.

#### Investment Property

Investment property is defined as a property, such as land or building, held for capital appreciation. This property is not held to be used in production or sale in the ordinary course of business.

Investment property is initially measured at acquisition cost. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured, in which case, the investment property acquired is measured at the carrying amount of asset given up.

Subsequent to initial recognition, depreciable investment properties are carried at cost less accumulated depreciation and any impairment in value. Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged against current operations in the period in which the costs are incurred.

Land is not depreciated.

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

#### Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. Cost also includes any asset retirement obligation and interest on borrowed funds used. When property and equipment are sold or retired, their costs and accumulated depreciation and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in the profit or loss of such period.

The estimated useful lives of property and equipment are as follows:

|                          | Number of Years |
|--------------------------|-----------------|
| Office equipment         | 3               |
| Transportation equipment | 3-5             |
| Furniture and fixtures   | 3               |
| Office improvement       | 3-5             |

The useful lives of each of the property and equipment are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice and experience with similar assets. The property and equipment's useful lives and depreciation and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged to current operations.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the year the item is derecognized.

#### Other Noncurrent Assets

Other noncurrent assets consist of:

##### *Creditable Withholding Tax*

Creditable withholding tax is an amount that is withheld from income payments. This is deducted from income tax payable.

##### *Input Value-added Tax (VAT)*

Input VAT represents tax imposed on the Group by its suppliers for the acquisition of goods and services required under the Philippine taxation laws and regulations. Input VAT is recognized as an asset and will be used to offset the Group's current VAT liability.

#### Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree pertaining to instruments that represent present ownership interests and entitle the holders to a proportionate share of the net assets in the event of liquidation either at fair value or at the proportionate share of the net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interest are measured at fair value unless another management basis is required by PFRS. Acquisition-related costs incurred are expensed and included in costs and expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date, including the separation of embedded derivatives in host contracts by the acquiree, if any.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in PAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured until it is finally settled and accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest, and any previous interest held, over the net fair value of the identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU and part of the operation within CGU units is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operations when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the CGU retained.

If necessary information, such as fair value of assets and liabilities acquired, is not available by the end of the reporting period in which the business combination occurs, provisional amounts are used for a period not exceeding one year from the date of acquisition or measurement period. During this period, provisional amounts recognized for a business combination may be retrospectively adjusted if relevant information has been obtained or becomes available.

#### Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that its advances subject to liquidation, other current assets (excluding financial assets at FVPL), investment properties and property and equipment may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Any impairment loss is recognized in the profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such reversal, the depreciation charge are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU, to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

#### Deposit for Future Subscription

Deposit for future stock subscription represents the amount received by the Company which it records as such with a view of applying the same as payment for additional issuance of shares or increase in capital stock.

This is presented as part of liability because the Company is yet to comply with the conditions prescribed by the SEC.

#### Equity

##### *Share Capital*

Share capital is measured at par value for all shares issued.

##### *Retained Earnings*

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declaration.

##### *Other Equity Reserves*

Other equity reserves comprise items of income and expense that are not recognized in profit or loss in accordance with PFRS. Other equity reserves of the Group pertains to cumulative unrealized gains on financial assets at FVOCI.

#### Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as a principal in all of its revenue sources.

The following specific recognition criteria must also be met before revenue is recognized:

##### *Interest Income*

Interest income is recognized as the interest accrues, taking into account the effective yield of the asset.

##### *Dividend Income*

Dividend income is recognized when the Company's right to receive the dividend is established.

##### *Service Fees*

Performance obligation is satisfied over time with reference to the stage of completion at the reporting date measured principally on the basis of the estimated physical completion of the contract work. Billings and collections are made in relation to the specific provisions on the contract as agreed by the parties.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

***Retainer Fee and Transfer Fee***

Revenue is recognized under the accrual basis in accordance with the terms of the related agreements.

***Gain on Sale of Financial and Nonfinancial Assets***

Gain on sale of financial assets at FVOCI and nonfinancial assets are computed as the difference between the proceeds and its carrying amount.

***Costs and Expense Recognition***

Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of liability has arisen and can be measured reliably. Costs and expenses are recognized in the profit or loss in the period these are incurred.

***Cost of Services***

Cost of services are recognized as expense when the related service is performed.

***General and Administrative Expenses***

General and administrative expenses are incurred in the direction and general administration of day-to-day operation of the Group and are generally recognized when the service is used or the expense is incurred.

***Employee Benefits***

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

***Leases***

The Group assesses whether the contracts are, or contain, a lease. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

- i. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- ii. the right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Group also assesses whether a contract contains a lease for each potential separate lease component.

***The Group as a Lessee***

At the commencement date, the Group recognizes ROU asset and lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

#### *ROU Asset*

At commencement date of the lease contract, the Group measures ROU asset at cost. The initial measurement of ROU asset includes the following:

- the amount of the initial measurement of lease liabilities;
- lease payments made at or before the commencement date less any lease incentives received;
- initial direct costs; and
- an estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU asset is carried at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the related lease liability. The ROU asset is amortized over the lease term.

#### *Lease Liability*

At commencement date, the Group measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

#### Foreign Currency Transactions

Transactions in foreign currencies are initially recorded using the functional currency exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are restated using the closing functional currency exchange rate at the financial reporting date. Foreign exchange gains and losses arising from foreign currency transactions and restatement of balances are recognized in profit or loss.

#### Related Party Relationships and Transactions

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. This includes: (1) individual owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Parent Company; (2) associates; and (3) individuals owning, directly or indirectly, an interest in the voting power of the Parent Company that gives them significant influence over the Parent Company and close members of the family of any such individual.

Transactions amounting to 10% or more of the total assets based on the latest audited consolidated financial statements that were entered into with related parties are considered material under SEC Memorandum Circular No. 10, Series of 2019, "Rules on Material Related Party Transactions for Publicly-listed Companies".

All individual material related party transactions shall be approved by the BOD. For aggregate related party transactions within a 12-month period that breaches the materiality threshold, the same board approval would be required for the transaction(s) that meets and exceeds the materiality threshold covering the same related party.

Directors and officers with personal interest in the transaction should abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purpose of assessing the quorum and their votes shall not be counted for purposes of determining approval.

The key management personnel of the Group and post-employment benefit plan for the benefit of Group's employees, if any, are also considered to be related parties.

Transactions between related parties are on an arm's length basis in a manner similar to transactions with non-related parties.

#### Income Taxes

##### *Current Tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date.

##### *Deferred Tax*

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward benefits of minimum corporate income tax (MCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused NOLCO and carry-forward benefits of MCIT can be utilized except:

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax law) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### *Earnings Per Share*

Basic earnings per share is computed by dividing net income over the weighted average number of issued and outstanding common shares during the year.

Diluted earnings per share is computed as if the potential common share or instrument that may entitle the holder to common share were exercised as of the beginning of the year.

#### Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as an asset in the consolidated statements of financial position but only when the receipt of the reimbursement is virtually certain.

### Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

### Events After the End of the Reporting Period

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

### Segment Information

The Group is engaged in investing of funds in various financial assets, service agreements with the government and stock transfer agency. The Group has aggregated these revenue-generating activities into a single operating segment as these segments are both passive in nature and have the same economic characteristics. The Group's revenue-generating assets are located in the Philippines.

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

The preparation of the Group's consolidated financial statements requires management to make judgments, accounting estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the reporting date. However, uncertainty about the estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### Judgments

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

#### *Establishing Control Over Investment in Subsidiaries*

The Group determines that it has control over its subsidiary by considering, among others, its power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. The following are also considered:

- Rights arising from other contractual agreements; and
- The Group's voting rights and potential voting rights.

#### *Classifying Financial Instruments*

The Group exercises judgment in classifying financial instruments in accordance with PFRS 9. The Group classifies a financial instrument, or its components, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the Company's business model and its contractual cash flow characteristics and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the Group's consolidated statements of financial position.

Classification of financial instruments is disclosed in Note 2 to the consolidated financial statements.

#### *Distinguishing Investment Properties and Owner-occupied Properties*

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property is held primarily to earn rentals or capital appreciation or both or used for operations and administrative purposes of the Group.

Carrying amount of investment property amounting to P337.9 million, P2.2 million and P337.9 million as at March 31, 2024 and 2023, and December 31, 2023, respectively (see Note 8).

#### *Determining Classification of Lease Arrangements and Appropriate Lease Term and Discount Rates*

The Group has entered into lease agreements as a lessor.

Critical judgment was exercised by the Group to distinguish such lease agreement as an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements.

Lease liabilities and ROU assets were recognized. Payments of lease liabilities are allocated over the principal liability and finance costs. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of liability for each year. The ROU assets are depreciated over the lease term on a straight-line basis.

The lease of office space is renewable upon mutual agreement by both parties to be covered by a separate and new lease agreement. Accordingly, the renewal option was not considered in the lease term for purposes of the adoption of PFRS 16.

Significant management judgment was likewise exercised by the Group in determining the discount rate, whether implicit rate, if readily available or incremental rate, to be used in calculating the present value of ROUs asset and lease liabilities.

Reassessments are made on a continuing basis whether changes should be reflected on the amount of lease liability due to circumstances affecting lease payments and discount rates.

#### *Determining Operating Segments*

Although each revenue-generating activity represents a separate operating segment, management has concluded that there is basis for aggregation into a single operating segment as allowed under PFRS 8, "Operating Segments", due to their similar passive nature and economic characteristics.

#### *Assessing Provisions and Contingencies*

The Group evaluates legal and administrative proceedings to which it is involved based on analysis of potential results. Management and its legal counsels do not believe that any current proceedings will have material adverse effects on its financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in estimates or in the effectiveness of strategies relating to these proceedings.

#### Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation of uncertainty at reporting date that may have significant risks of causing material adjustments to the carrying amounts of assets and liabilities within the next reporting year are discussed below.

#### *Assessing ECL on Debt Instruments*

The Group determines the ECL based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on the financial instrument that are possible within 12 months after reporting date. When there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL.

The Group assessed that the credit risk on debt instruments has not increased significantly since initial recognition as these financial assets are determined to have low credit risk and are entered into with reputable banks, financial institutions and other counterparties.

No ECL on these debt instruments was recognized for the quarters ended March 31, 2024 and 2023. The carrying amounts of financial assets at amortized cost and FVOCI are as follows:

|  | March 31,<br>2024<br>(Unaudited) | March 31,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|--|----------------------------------|----------------------------------|-----------------------------------|
| Cash and cash equivalents*                   | P109,967,597                     | P79,325,196                      | P119,739,572                      |
| Receivables                                  | 120,930,870                      | 178,733,107                      | 119,371,493                       |
| Due from related parties                     | 8,442,728                        | 264,773,649                      | 6,938,183                         |
| Investment in quoted bonds measured at FVOCI | 563,269,956                      | 581,804,720                      | 580,377,590                       |

\*excluding cash on hand amounting to P6,134 as at March 31, 2024, P12,939 as at March 31, 2023, and P11,100 as at December 31, 2023.

#### *Determining Fair Value of Financial Assets at FVPL and FVOCI*

The Group carries financial assets at FVOCI at fair value in the consolidated statements of financial position. Determining the fair value of financial assets at FVPL and FVOCI requires extensive use of accounting estimates and judgment. The Group determined the fair values of financial assets at FVPL and FVOCI using a combination of available market prices in active markets for identical assets (Level 1) and prices computed using significant observable inputs (Level 2). Any changes in the fair value of these financial assets and liabilities would affect other comprehensive income.

The fair value of financial assets at FVPL amounted to P131,104, P102,184 and P131,104 as at March 31, 2024 and 2023, and December 31, 2023, respectively (see Note 21).

The fair value of financial assets at FVOCI amounted to P897.1 million, P954.0 million and P912.4 million as at March 31, 2024 and 2023, and December 31, 2023, respectively (see Notes 7 and 21).

#### *Estimating Useful Lives of Investment Property and Property and Equipment*

The Group estimates the useful lives of investment property and property and equipment based on the period over which they are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the investment property and property and equipment. In addition, the estimation of the useful lives of investment property and property and equipment is based on the collective assessment of industry practice, internal technical evaluation and experience similar assets.

The carrying amount of investment property amounted to P341.9 million, P2.2 million and P337.9 million as at March 31, 2024 and 2023, and December 31, 2023, respectively (see Note 8).

The carrying amount of property and equipment amounted to P44,649, P52,813 and P52,156 as at March 31, 2024 and 2023, and December 31, 2023 respectively (see Note 8).

#### *Estimating Impairment Losses on Nonfinancial Assets Other than Goodwill*

An impairment review is performed when certain impairment indicators are present. The Group determines whether an asset is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the asset is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

No impairment loss was recognized for the quarters ended March 31, 2024 and 2023.

The carrying amounts of nonfinancial assets are as follows:

|                         | March 31,<br>2024<br>(Unaudited) | March 31,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|-------------------------|----------------------------------|----------------------------------|-----------------------------------|
| Investment property     | P341,932,474                     | P2,249,424                       | P337,864,550                      |
| Asset held for sale     | 7,145,015                        | —                                | —                                 |
| ROU asset               | 1,607,156                        | 2,636,859                        | 2,057,355                         |
| Property and equipment  | 44,649                           | 52,813                           | 52,156                            |
| Other current assets    | 696,620                          | 584,498                          | 321,018                           |
| Other noncurrent assets | 10,766,125                       | 6,976,154                        | 11,757,366                        |

*Estimating Impairment Losses on Goodwill*

The Group tests annually whether any impairment in goodwill is to be recognized, in accordance with related accounting policy in Note 2. The recoverable amounts of CGUs have been determined based on the higher of fair value less costs to sell and value in use calculations which require the use of estimates. Based on the impairment testing conducted, the recoverable amounts of the CGUs as at March 31, 2024 and 2023, and December 31, 2023, calculated based on value in use are greater than the corresponding carrying amounts (including goodwill) of the CGUs. The carrying amount of goodwill amounted to P1.3 million as at March 31, 2024 and 2023, and December 31, 2023. No impairment loss was recognized for the quarters ended March 31, 2024 and 2023 (see Note 11).

*Assessing Recoverability of Deferred Tax Assets*

The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the following reporting periods. This forecast is based on the Group's past results and future expectations on revenue and expenses.

The Company did not recognize a portion of its deferred tax assets amounting to P1.2 million, (P1.0 million) and P3.6 million as at March 31, 2024 and 2023 and December 31, 2023, respectively, because the management has assessed that these may not be realized because future taxable income may not be sufficient against which the deferred tax assets can be utilized (see Note 17).

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#### 4. Cash and Cash Equivalents

This account consists of:

|                  | March 31,<br>2024<br>(Unaudited) | March 31,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|------------------|----------------------------------|----------------------------------|-----------------------------------|
| Cash on hand     | P6,134                           | P12,939                          | P11,100                           |
| Cash in banks    | 52,568,245                       | 40,144,010                       | 43,659,101                        |
| Cash equivalents | 57,399,352                       | 39,181,186                       | 76,080,471                        |
|                  | <b>P109,973,731</b>              | <b>P79,338,135</b>               | <b>P119,750,672</b>               |

Cash in banks earn interest at prevailing bank deposit rates.

Cash equivalents pertain to special savings and time deposits, with terms of varying periods up to three (3) months depending on the immediate cash requirements of the Group, and earn interest at prevailing special savings and time deposit rates.

Interest income earned from cash in banks and cash equivalents amounted to P573,200 and P339,633 for the quarters ended March 31, 2024 and 2023, respectively (see Note 14).

## 5. Receivables

This account consists of:

|   | March 31,<br>2024<br>(Unaudited) | March 31,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|---|----------------------------------|----------------------------------|-----------------------------------|
| Notes and loans receivable                                |                                  |                                  |                                   |
| Corporate notes (Note 18)                                 | <b>P74,124,767</b>               | P110,032,110                     | P77,124,767                       |
| Promissory notes issued by various financial institutions | <b>38,700,000</b>                | 42,000,000                       | 34,000,000                        |
| Interest receivable                                       | <b>8,319,570</b>                 | 30,277,444                       | 8,502,898                         |
|   | <b>121,144,337</b>               | 182,309,554                      | 119,627,665                       |
| Retainer fee receivable                                   | <b>1,371,611</b>                 | 1,319,286                        | 1,767,813                         |
| Less allowance for ECL                                    | <b>(2,057,317)</b>               | (28,397)                         | (2,057,317)                       |
| Retainer fee receivable – net                             | <b>(685,706)</b>                 | 1,290,889                        | (289,504)                         |
| Dividend receivable                                       | <b>99,525</b>                    | 132,664                          | 33,332                            |
| Others  | <b>372,714</b>                   | –                                | –                                 |
|   | <b>120,930,870</b>               | 183,733,107                      | 119,371,493                       |
| Less noncurrent portion                                   | <b>–</b>                         | (5,000,000)                      | –                                 |
| Current portion of receivables                            | <b>P120,930,870</b>              | P178,733,107                     | P119,371,493                      |

Movements in the allowance for ECL are summarized below:

|                                    | March 31,<br>2024<br>(Unaudited) | March 31,<br>2023<br>(Unaudited) | December 31,<br>2022<br>(Audited) |
|------------------------------------|----------------------------------|----------------------------------|-----------------------------------|
| Balance at beginning of the period | <b>P2,057,317</b>                | P28,397                          | P28,397                           |
| Additions                          | <b>–</b>                         | –                                | 2,028,920                         |
| Reversal                           | <b>–</b>                         | –                                | –                                 |
| Balance at end of period           | <b>P2,057,317</b>                | P28,397                          | P2,057,317                        |

### Notes and Loans Receivable

#### *Corporate Notes*

Corporate notes outstanding as at March 31, 2024 and 2023, and December 31, 2023 pertain to short-term corporate promissory notes issued by various entities, with terms of thirty-five days up to one year and earn interest ranging from 5.5% to 11.0% per annum.

#### *Promissory Notes Issued by Financial Institutions*

Unsecured promissory notes are issued by various financial institutions with terms ranging from two to ten years and earn interest ranging from 4% to 7% per annum.

Interest income earned from corporate notes and promissory notes issued by various financial institutions amounted to P1.0 million and P5.8 million for the quarters ended March 31, 2024 and 2023, respectively (see Note 14).

### Retainer Fee Receivable

This account consists of retainer fee receivables which are collectible on demand and are noninterest-bearing.

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## 6. Assets Held for Sale

In 2023, the Group obtained equipment and furniture valued at P10,150,450 as form of repayment of its notes receivable from one of its debtors. These assets were obtained with the intention to sell to its affiliate companies and is expected to be completed within the next 12 months. As such these were then classified as current assets held for sale in the statements of financial position. The assets were measured at the lower of carrying amount and fair value less cost to sell at the time of recognition and as a result, an impairment loss of P1,150,790 was recognized as at December 31, 2023.

The carrying amount of the assets held for sale is P7,145,015, nil and P8,999,710 as at March 31, 2024 and 2023, and December 31, 2023, respectively.

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## 7. Financial Assets at FVOCI

This account consists of:

|                           | March 31,<br>2024<br>(Unaudited) | March 31,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|---------------------------|----------------------------------|----------------------------------|-----------------------------------|
| Investments in:           |                                  |                                  |                                   |
| Quoted bonds              | P563,269,956                     | P581,804,720                     | P580,377,590                      |
| Quoted shares of stocks   | 187,770,689                      | 227,527,230                      | 181,171,339                       |
| UITFs                     | 106,898,309                      | 105,660,254                      | 111,514,387                       |
| Unquoted shares of stocks | 30,000,000                       | 30,000,000                       | 30,000,000                        |
| Club memberships          | 9,300,000                        | 9,000,000                        | 9,300,000                         |
|                           | <b>P897,238,954</b>              | <b>P953,992,204</b>              | <b>P912,363,316</b>               |

Movements of financial assets at FVOCI and cumulative unrealized gain (loss) on financial assets at FVOCI are as follows:

|  | March 31,<br>2024<br>(Unaudited) | March 31,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|--|----------------------------------|----------------------------------|-----------------------------------|
| <b>Cost</b>  |                                  |                                  |                                   |
| Balance at beginning of period   | P948,804,196                     | P981,906,947                     | P981,906,946                      |
| Additions  | 19,437,429                       | 60,666,327                       | 280,073,815                       |
| Disposals  | (40,365,528)                     | (61,049,927)                     | (313,176,566)                     |
| Balance at end of period   | <b>927,876,097</b>               | 981,523,347                      | 948,804,196                       |
| <b>Cumulative Unrealized Gain (Loss)</b>   |                                  |                                  |                                   |
| Balance at beginning of period   | (36,440,880)                     | (31,293,659)                     | (31,293,659)                      |
| Unrealized fair value gain (loss) during the period  | 6,452,138                        | 4,191,412                        | (9,056,416)                       |
| Reclassification of cumulative fair value changes of debt instruments measured at FVOCI sold to profit or loss (Note 15) | 58,987                           | (108,816)                        | 2,540,681                         |
| Reclassification of cumulative fair value changes of equity instruments measured at FVOCI sold to retained earnings      | (707,388)                        | (320,080)                        | 1,368,514                         |
| Balance at end of period   | <b>(30,637,143)</b>              | <b>(27,531,143)</b>              | <b>(36,440,880)</b>               |
| <b>Carrying amount</b>   | <b>P897,238,954</b>              | <b>P953,992,204</b>              | <b>P912,363,316</b>               |

Interest income earned from financial assets at FVOCI amounted to P6.6 million and P6.0 million for the quarters ended March 31, 2024 and 2023, respectively (see Note 14).

Dividend income earned from financial assets at FVOCI amounted to P2.2 million and P2.1 million for the quarters ended March 31, 2024 and 2023, respectively (see Note 14).

Realized gain (loss) on sale of debt instruments at FVOCI recognized directly to profit or loss amounted to (P58,987) and P108,816 for the quarters ended March 31, 2024 and 2023, respectively.

Realized gain on sale of equity instruments at FVOCI recognized directly to retained earnings amounted to P707,388 and P320,080 for the three months ended March 31, 2024 and 2023, respectively.

The fair value of these financial assets are determined based on quoted market bid prices at the close of business as at reporting date since most of these are actively traded in an organized financial market. The fair value measurement of the financial assets at FVOCI is classified as Level 1 (Quoted bonds, shares of stock and club memberships) and level 2 (UITFs).

No ECL was recognized for investments in quoted bonds for the quarters ended March 31, 2024 and 2023.

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## 8. Investment Properties

On December 29, 2023, the Group obtained nine parcels of land through dacion en pago with a related party amounting to P335,615,126 and covering three hundred eighty-three thousand nine hundred ninety-nine (383,999) square meters located at Ibis, Bagac, Bataan. The land's title is currently being processed for transfer to the name of PHC. In 2024, the Company incurred additional costs of P4,067,924 related to the transfer of the property. The carrying amount of this investment property amounted to P341,932,474 and P335,615,126 as at March 31, 2024 and December 31, 2023, respectively.

As at March 31, 2024 and 2023, and December 31, 2023, the Group has certain parcels of land amounting to P2,249,424 and covering one thousand two hundred (1,200) square meters located at Pasinay Bagac, Bataan. On January 16, 2019, the land's title was transferred to the name of PMEI.

Level 2 fair values of investment properties have been derived using the market approach. In using the market approach, the value of the investment property is based on recorded sales and listing (or asking prices) of comparable property registered within the vicinity amounted to P383,999,000. Management developed these estimates on the basis of recorded sales and listing (or asking prices) of comparable properties registered within the vicinity of the respective land properties. The most significant input into this valuation approach is the zonal value price per square foot.

The investment property is not pledged as security for liabilities to related parties as at March 31, 2024 and 2023, and December 31, 2023.

## 9. Property and Equipment

Movements in this account are as follows:

|                                      | December 31,<br>2023<br>(Audited) | Additions | Disposals | March 31,<br>2024<br>(Unaudited) |
|--------------------------------------|-----------------------------------|-----------|-----------|----------------------------------|
| <b>Cost</b>                          |                                   |           |           |                                  |
| Transportation equipment             | P5,011,638                        | P—        | P—        | <b>P5,011,638</b>                |
| Furniture and fixtures               | 3,528,775                         | —         | —         | <b>3,528,775</b>                 |
| Office equipment                     | 1,299,674                         | —         | —         | <b>1,299,674</b>                 |
| Office improvement                   | 39,325                            | —         | —         | <b>39,325</b>                    |
|                                      | <b>9,879,412</b>                  | —         | —         | <b>9,879,412</b>                 |
| <b>Less accumulated depreciation</b> |                                   |           |           |                                  |
| Transportation equipment             | 5,011,638                         | 2,210     | —         | <b>5,013,848</b>                 |
| Furniture and fixtures               | 3,528,775                         | —         | —         | <b>3,528,775</b>                 |
| Office equipment                     | 1,247,518                         | 5,297     | —         | <b>1,252,815</b>                 |
| Office improvement                   | 39,325                            | —         | —         | <b>39,325</b>                    |
|                                      | <b>9,827,256</b>                  | 7,507     | —         | <b>9,834,763</b>                 |
|                                      | <b>P52,156</b>                    |           |           | <b>P44,649</b>                   |

|                                      | December 31,<br>2022<br>(Audited) | Additions | Disposals | March 31,<br>2023<br>(Unaudited) |
|--------------------------------------|-----------------------------------|-----------|-----------|----------------------------------|
| <b>Cost</b>                          |                                   |           |           |                                  |
| Transportation equipment             | P5,011,638                        | P—        | P—        | <b>P5,011,638</b>                |
| Furniture and fixtures               | 3,528,775                         | —         | —         | <b>3,528,775</b>                 |
| Office equipment                     | 1,277,810                         | —         | —         | <b>1,277,810</b>                 |
| Office improvement                   | 39,325                            | —         | —         | <b>39,325</b>                    |
|                                      | <b>9,857,548</b>                  | —         | —         | <b>9,857,548</b>                 |
| <b>Less accumulated depreciation</b> |                                   |           |           |                                  |
| Transportation equipment             | 5,011,638                         | 2,210     | —         | <b>5,013,848</b>                 |
| Furniture and fixtures               | 3,528,775                         | —         | —         | <b>3,528,775</b>                 |
| Office equipment                     | 1,217,490                         | 5,297     | —         | <b>1,222,787</b>                 |
| Office improvement                   | 39,325                            | —         | —         | <b>39,325</b>                    |
|                                      | <b>9,797,228</b>                  | 7,507     | —         | <b>9,804,735</b>                 |
|                                      | <b>P60,320</b>                    |           |           | <b>P52,813</b>                   |

|                                      | December 31,<br>2022<br>(Audited) | Additions     | Disposals | December 31,<br>2023<br>(Audited) |
|--------------------------------------|-----------------------------------|---------------|-----------|-----------------------------------|
| <b>Cost</b>                          |                                   |               |           |                                   |
| Transportation equipment             | P5,011,638                        | P—            | P—        | P5,011,638                        |
| Furniture and fixtures               | 3,528,775                         | —             | —         | 3,528,775                         |
| Office equipment                     | 1,277,810                         | 21,864        | —         | 1,299,674                         |
| Office improvement                   | 39,325                            | —             | —         | 39,325                            |
|                                      | <b>9,857,548</b>                  | <b>21,864</b> | <b>—</b>  | <b>9,879,412</b>                  |
| <b>Less accumulated depreciation</b> |                                   |               |           |                                   |
| Transportation equipment             | 5,011,638                         | —             | —         | 5,011,638                         |
| Furniture and fixtures               | 3,528,775                         | —             | —         | 3,528,775                         |
| Office equipment                     | 1,217,490                         | 30,028        | —         | 1,247,518                         |
| Office improvement                   | 39,325                            | —             | —         | 39,325                            |
|                                      | <b>9,797,228</b>                  | <b>30,028</b> | <b>—</b>  | <b>9,827,256</b>                  |
|                                      | <b>P60,320</b>                    |               |           | <b>P52,156</b>                    |

Depreciation expense from property and equipment is allocated to general and administrative expenses.

Fully-depreciated property and equipment being used by the Company amounted to P9.8 million as at March 31, 2024 and 2023, and December 31, 2023.

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## 10. Other Noncurrent Assets

This account consists of:

|                            | March 31,<br>2024<br>(Unaudited) | March 31,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|----------------------------|----------------------------------|----------------------------------|-----------------------------------|
| Creditable withholding tax | <b>P7,355,771</b>                | P2,934,964                       | P5,663,501                        |
| Input VAT                  | <b>2,090,925</b>                 | 2,721,761                        | 4,774,436                         |
| Goodwill (Note 11)         | <b>1,319,429</b>                 | 1,319,429                        | 1,319,429                         |
|                            | <b>P10,766,125</b>               | P6,976,154                       | P11,757,366                       |

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## 11. Business Combination and Goodwill

### Goodwill

Goodwill pertains to the acquisition of PSTI by PMEI amounting to P1.3 million.

Management assessed that the recoverable amount of PSTI, the CGU to which the goodwill is allocated, exceeds its carrying amount. In estimating the related value in use, management used a cash flow projection based on past performance of the acquiree covering a five-year period at a discount rate of 4.44%. Cash flows beyond that five-year period have been extrapolated using the Group's average historical growth rate.

No impairment on goodwill was recognized for the quarters ended March 31, 2024 and 2023.

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## 12. Trade and Statutory Payables

This account consists of:

|                          | March 31,<br>2024<br>(Unaudited) | March 31,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|--------------------------|----------------------------------|----------------------------------|-----------------------------------|
| Trade and other payables | P1,362,454                       | P2,478,565                       | P3,624,129                        |
| Customer deposits        | —                                | 1,237,874                        | —                                 |
| Statutory payables       | 449,924                          | 783,229                          | 3,105,041                         |
|                          | <b>P1,812,378</b>                | <b>P4,499,668</b>                | <b>P6,729,170</b>                 |

Trade and other payables are noninterest-bearing and are normally settled on a 30-day credit term.

Customer deposits pertain to rental deposits received from lessee of condominium unit and parking slots sold in 2018. In 2023, the Group wrote-off customer deposits amounting to P1,237,874.

Statutory payables pertain to expanded withholding taxes and other payables to government agencies remitted in the subsequent month.

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## 13. Lease Commitments

### The Group As a Lessee

The Group has a lease agreement with Philcomsat for its office space for a term of two years subject to renewal under mutual agreement of both parties. In 2023, the lease contracts were renewed. The annual rent is subject to escalation fee of 5%.

The following are the amounts recognized in the consolidated statements of income:

|                               | From January 1<br>to March 31,<br>2024<br>(Unaudited) | From January 1<br>to March 31,<br>2023<br>(Unaudited) |
|-------------------------------|---|---|
| Depreciation on ROU assets    | P450,199  | P449,347  |
| Interest on lease liabilities | 29,823  | 15,803  |
|                               | <b>P480,022</b>                                       | <b>P465,150</b>                                       |

Movements in the ROU assets are presented below:

|                                | March 31,<br>2024<br>(Unaudited) | March 31,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|--------------------------------|----------------------------------|----------------------------------|-----------------------------------|
| Balance at beginning of period | P2,057,355                       | P254,286                         | P254,286                          |
| Additions                      | —                                | 2,831,920                        | 3,601,594                         |
| Depreciation (Note 15)         | (450,199)                        | (449,347)                        | (1,798,525)                       |
| Balance at end of period       | <b>P1,607,156</b>                | <b>P2,636,859</b>                | <b>P2,057,355</b>                 |

Details of ROU assets are as follows:

|                          | March 31,<br>2024<br>(Unaudited) | March 31,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|--------------------------|----------------------------------|----------------------------------|-----------------------------------|
| Cost                     | P3,601,594                       | P3,594,776                       | P3,601,594                        |
| Accumulated depreciation | (1,994,438)                      | (957,917)                        | (1,544,239)                       |
| Balance at end of period | P1,607,156                       | P2,636,859                       | P2,057,355                        |

Depreciation expense from the ROU assets is allocated as follows:

|                                     | From January 1<br>to March 31,<br>2024<br>(Unaudited) | From January 1<br>to March 31,<br>2023<br>(Unaudited) |
|-------------------------------------|---|---|
| Cost of services                    | P67,347   | P66,750   |
| General and administrative expenses | 382,852   | 382,597   |
|                                     | P450,199  | P449,347  |

Movements in lease liabilities are presented below:

|                                | March 31,<br>2024<br>(Unaudited) | March 31,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|--------------------------------|----------------------------------|----------------------------------|-----------------------------------|
| Balance at beginning of period | P2,131,772                       | P257,209                         | P257,209                          |
| Additions                      | —                                | 2,831,920                        | 3,601,594                         |
| Interest expense (Note 14)     | 29,823                           | 15,803                           | 130,479                           |
| Payments                       | (485,896)                        | (451,152)                        | (1,857,510)                       |
| Balance at end of period       | P1,675,699                       | P2,653,780                       | P2,131,772                        |

The present value of the minimum lease payments for each of the following periods are as follows:

|  | March 31,<br>2024<br>(Unaudited) | March 31,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|--|----------------------------------|----------------------------------|-----------------------------------|
| Not later than one year                          | P1,409,856                       | P1,166,596                       | P1,865,929                        |
| More than one year but not later than five years | 265,843                          | 1,487,184                        | 265,843                           |
|  | P1,675,699                       | P2,653,780                       | P2,131,772                        |

The future minimum lease payments for each of the following periods are as follows:

|  | March 31,<br>2024<br>(Unaudited) | March 31,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|--|----------------------------------|----------------------------------|-----------------------------------|
| Not later than one year                          | P1,457,688                       | P1,258,717                       | P1,943,584                        |
| More than one year but not later than five years | 272,070                          | 1,535,479                        | 272,070                           |
| More than five years                             | —                                | —                                | —                                 |
| Total minimum lease obligation                   | 1,729,758                        | 2,794,196                        | 2,215,654                         |
| Less future finance charges on lease liabilities | 54,059                           | 140,416                          | 83,882                            |
|  | P1,675,699                       | P2,653,780                       | P2,131,772                        |

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#### 14. Revenue

Disaggregation of revenue is as follows:

|                          | From January 1<br>to March 31,<br>2024<br>(Unaudited) | From January 1<br>to March 31,<br>2023<br>(Unaudited) |
|--------------------------|---|---|
| Revenue:                 |   |   |
| Interest income          | P8,197,011  | P12,218,303   |
| Retainer fee             | 2,484,607   | 1,911,696   |
| Dividend income (Note 7) | 2,197,129   | 2,104,195   |
| Stock transfer fee       | 71,120  | 77,040  |
| Other service fee        | 55,652  | 75,932  |
|                          | <b>P13,005,519</b>                                    | <b>P16,387,166</b>                                    |

Retainer fee pertains to monthly retainer fees earned by PSTI being a stock transfer agent.

Interest income included in revenue as shown in the consolidated statements of income is earned from the following:

|                                    | From January 1<br>to March 31,<br>2024<br>(Unaudited) | From January 1<br>to March 31,<br>2023<br>(Unaudited) |
|------------------------------------|---|---|
| Cash and cash equivalents (Note 4) | P573,200  | P339,633  |
| Receivables (Note 5)               | 1,024,854   | 5,845,810   |
| Financial assets at FVOCI (Note 7) | 6,598,957   | 6,032,860   |
|                                    | <b>P8,197,011</b>                                     | <b>P12,218,303</b>                                    |

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## 15. Costs and Expenses

This account consists of:

|                                      | From January 1<br>to March 31,<br>2024<br>(Unaudited) | From January 1<br>to March 31,<br>2023<br>(Unaudited) |
|--------------------------------------|---|---|
| Cost of services:                    |   |   |
| Salaries and other benefits          | P352,674  | P301,897  |
| Professional fee                     | 210,167   | 432,592   |
| Depreciation (Notes 9 and 13)        | 71,055  | 70,458  |
| Communication, light and water       | 46,165  | 77,804  |
| Dues and subscription                | 14,173  | 14,173  |
| Transportation and travel            | 10,951  | 53,397  |
|                                      | <b>705,185</b>  | <b>950,321</b>  |
| General and administrative expenses: |   |   |
| Professional fees                    | 2,119,408   | 3,277,504   |
| Representation and entertainment     | 1,235,021   | 168,923   |
| Directors' fees (Note 18)            | 1,004,445   | 900,000   |
| Outside services                     | 844,690   | 734,360   |
| Transportation and travel            | 537,860   | 600,136   |
| Bank charges                         | 391,278   | 417,764   |
| Depreciation (Notes 9 and 13)        | 386,651   | 386,396   |
| Taxes and licenses                   | 382,867   | 428,426   |
| Communication, light and water       | 108,468   | 151,792   |
| Office supplies                      | 47,887  | 90,854  |
| Dues and subscription                | 47,174  | 44,674  |
| Advertising                          | 19,200  | 38,400  |
| Insurance                            | 2,806   | 3,929   |
| Medical                              | 1,019   | 2,358   |
| Others                               | 74,598  | (395,566)   |
|                                      | <b>7,203,372</b>                                      | <b>6,849,950</b>                                      |
|                                      | <b>P7,908,557</b>                                     | <b>P7,800,271</b>                                     |

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## 16. Other Income (Charges)

This account consists of:

|   | From January 1<br>to March 31,<br>2024<br>(Unaudited) | From January 1<br>to March 31,<br>2023<br>(Unaudited) |
|---|---|---|
| Unrealized foreign exchange gain  | P421,797  | (P923,684)  |
| Realized loss on sale of debt<br>instruments measured at FVOCI (Note 7) | (58,987)  | 108,816   |
|   | <b>P362,810</b>                                       | <b>(P814,868)</b>                                     |

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## 17. Income Tax

The composition of provision for current income tax is as follows:

|      | From January 1<br>to March 31,<br>2024<br>(Unaudited) | From January 1<br>to March 31,<br>2023<br>(Unaudited) |
|------|---|---|
| RCIT | P247,567  | P177,981  |
| MCIT | 18,139  | 116,365   |
|      | <b>P265,706</b>                                       | <b>P294,346</b>                                       |

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The reconciliation of the income tax expense computed at statutory tax rate to actual income tax expense (benefit) as presented in the consolidated statements of income are as follows:

|  | From January 1<br>to March 31,<br>2024<br>(Unaudited) | From January 1<br>to March 31,<br>2023<br>(Unaudited) |
|--|---|---|
| Income tax at statutory rate                                       | <b>P1,357,487</b>                                     | P1,939,056  |
| Change in unrecognized deferred tax assets                         | –   | (1,096,458)   |
| Add (deduct) tax effects of:                                       |   |   |
| Nontaxable:  |   |   |
| Realized loss (gain) on sale of debt instruments measured at FVOCI | 14,747  | (27,204)  |
| Dividend income  | (549,282)   | (526,049)   |
| Interest income already subjected to a final tax                   | (1,822,494)   | (1,644,553)   |
| Nondeductible expenses   | 235,796   | 31,899  |
| Tax expense on NOLCO   | 1,173,870   | –   |
| Tax expense on MCIT  | 17,862  | 116,365   |
| Effect of differences in tax rates                                 | (60,946)  | (44,543)  |
|  | <b>P367,040</b>                                       | (P1,251,487)  |

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The components of the recognized deferred tax assets (liabilities) – net of the Group are as follows:

|                                  | March 31,<br>2024<br>(Unaudited) | March 31,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|----------------------------------|----------------------------------|----------------------------------|-----------------------------------|
| Deferred tax asset (liability):  |                                  |                                  |                                   |
| Allowance for doubtful accounts  | P104,150                         | P5,679                           | P104,150                          |
| NOLCO                            | 29,682                           | –                                | 26,586                            |
| Leases                           | 1,381                            | 444                              | 639                               |
| MCIT                             | 1,101                            | –                                | 824                               |
| Unrealized foreign exchange gain | (105,449)                        | –                                | –                                 |
| .                                | P30,865                          | P6,123                           | P132,199                          |

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The components of the Group's unrecognized deferred tax assets are as follows:

|   | March 31,<br>2024<br>(Unaudited) | March 31,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|---|----------------------------------|----------------------------------|-----------------------------------|
| NOLCO   | <b>P1,173,870</b>                | (P1,327,379)                     | P2,593,818                        |
| MCIT  | <b>17,862</b>                    | 116,365                          | 210,240                           |
| Unrealized foreign exchange loss                | —                                | 230,921                          | 68,050                            |
| Allowance for doubtful accounts                 | —                                | —                                | 488,290                           |
| Provision for impairment of asset held for sale | —                                | —                                | 287,697                           |
| Leases  | <b>(2,396)</b>                   | —                                | (17,806)                          |
|   | <b>P1,189,336</b>                | (P980,093)                       | P3,630,289                        |

The Parent Company did not recognize deferred tax assets (liabilities) amounting to P1.2 million, (P1.0 million) and P3.6 million as at March 31, 2024 and 2023 and December 31, 2023, respectively, because management assessed that these may not be realized because future taxable income may not be sufficient against which the tax benefits can be claimed or deducted.

## 18. Related Party Transactions

The Company has transactions with related parties as follows:

| Nature of<br>Transaction | Amount of Transactions<br>(in millions)               |                  |   | Outstanding Balance<br>(in millions) |                                  |                                   |
|--------------------------|---|------------------|---|--------------------------------------|----------------------------------|-----------------------------------|
|                          | From January 1<br>to March 31,<br>2024<br>(Unaudited) |                  | From January 1<br>to March 31,<br>2023<br>(Unaudited) | March 31,<br>2024<br>(Unaudited)     | March 31,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|                          | MBCI*   | Notes receivable | (P2.5)  | P—                                   | P54.3                            | P48.8                             |
| MBCI                     | Interest Income                                       | <b>0.9</b>       | 0.8   | <b>5.1</b>                           | 5.6                              | 6.4                               |
| <i>Immediate Parent</i>  |   |                  |   |                                      |                                  |                                   |
| Philcomsat               | Notes receivable                                      | —                | —   | —                                    | 34.0                             | —                                 |
| Philcomsat               | Interest Income                                       | —                | 3.0   | —                                    | 19.3                             | 0.9                               |
|                          |   |                  |   | <b>P59.4</b>                         | P107.7                           | P64.1                             |

\*Montemar Beach Club Inc. (MBCI)

### Presented under "Due from Related Parties"

#### *Company under Common Control*

|                         |               |              |        |             |       |      |
|-------------------------|---------------|--------------|--------|-------------|-------|------|
| MBCI                    | Cash advances | <b>P0.7</b>  | (P0.2) | <b>P7.3</b> | P6.5  | P6.7 |
| MRDC*                   | Cash advances | <b>(0.2)</b> | —      | —           | 0.2   | 0.2  |
| <i>Immediate Parent</i> |               |              |        |             |       |      |
| Philcomsat              | Cash advances | <b>1.0</b>   | —      | <b>1.2</b>  | 258.0 | 0.2  |

\*Montemar Resort Development Corp. (MRDC)

| Nature of<br>Transaction  | Amount of Transactions<br>(in millions) |  |                   | Outstanding Balance<br>(in millions) |                      |    |
|---|---|--|-------------------|--------------------------------------|----------------------|----|
|   | From January 1<br>to March 31,<br>2024  | From January 1<br>to March 31,<br>2023 | March 31,<br>2024 | March 31,<br>2023                    | December 31,<br>2023 |    |
|   | (Unaudited)                             | (Unaudited)                            | (Unaudited)       | (Unaudited)                          | (Audited)            |    |
| <u><b>Presented under "Lease Liability"</b></u>                       |   |  |                   |                                      |                      |    |
| <i>Immediate Parent</i>   |   |  |                   |                                      |                      |    |
| Lease of office   |   |  |                   |                                      |                      |    |
| Philcomsat space  | (P0.5)                                  | (P0.4)                                 | P1.7              | P2.7                                 | P2.1                 |    |
| Philcomsat Interest expense   | (0.03)                                  | (0.02)                                 | —                 | —                                    | —                    |    |
|   |   |  | <b>P1.7</b>       | <b>P2.7</b>                          | <b>P2.1</b>          |    |
| <u><b>Presented under "Due to a Related Party"</b></u>                |   |  |                   |                                      |                      |    |
| <i>Immediate Parent</i>   |   |  |                   |                                      |                      |    |
| Advances for project costs  |   |  |                   |                                      |                      |    |
| Philcomsat project costs  | P—                                      | P—                                     | P—                | P3.9                                 | P—                   |    |
|   |   |  |                   |                                      |                      |    |
| <u><b>Presented under "Deposit for Future Stock Subscription"</b></u> |   |  |                   |                                      |                      |    |
| <i>Immediate Parent</i>   |   |  |                   |                                      |                      |    |
| Future subscription   |   |  |                   |                                      |                      |    |
| Philcomsat subscription   | P—                                      | P—                                     | P18.9             | P18.9                                | P18.9                |    |
|   |   |  |                   |                                      |                      |    |
| <u><b>Included under "Revenue"</b></u>                                |   |  |                   |                                      |                      |    |
| <i>Subsidiary</i>   |   |  |                   |                                      |                      |    |
| PSTI Dividend income  | <b>P3.0</b>                             | P—                                     | P—                | P—                                   | P—                   | P— |
|   |   |  |                   |                                      |                      |    |
| <u><b>Included under "Costs and Expenses"</b></u>                     |   |  |                   |                                      |                      |    |
| <i>Immediate Parent</i>   |   |  |                   |                                      |                      |    |
| Association dues  | (P0.1)                                  | (P0.1)                                 | P—                | P—                                   | P—                   | P— |
| Philcomsat Utilities  | (115,889.0)                             | (0.2)                                  | —                 | —                                    | —                    | —  |
| <i>Subsidiary</i>   |   |  |                   |                                      |                      |    |
| Professional fee as stock transfer agent                              | (0.05)                                  | (0.1)                                  | —                 | —                                    | —                    | —  |
| PSTI  |   |  | P—                | P—                                   | P—                   | P— |

Dividend income from PSTI in 2024 was eliminated in the consolidation.

The amount of transactions with PSTI amounting to P45,000 and P80,340 for the three months ended March 31, 2024 and 2023, respectively, were eliminated in the consolidation.

#### **Receivable from MBCI and Philcomsat**

Cash advances to MBCI and Philcomsat are unsecured and due on demand and bear interest at 5% to 6% per annum and will be settled in cash.

#### **Receivable from Philcomsat and MRDC**

Cash advances to Philcomsat and MRDC are unsecured, noninterest-bearing, due on demand and will be settled in cash.

The Company did not recognize any provision for ECL on due from related parties since the counterparties have sufficient liquid assets to settle the unpaid amounts as at reporting period. This assessment is undertaken each financial year through review of the financial position of the related party and the market in which the related party operates. Related party transactions have been fairly evaluated since the Company treated it same with the transactions to third parties.

Due to a Related Party

Due to a related party is unsecured, noninterest-bearing, due on demand and will be settled in cash.

The Group as a Lessee

The Group has a lease agreement with Philcomsat for the rent of its office space located at the 12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Ave., Makati City. The lease terms are for two years and is renewable under mutual agreement of both parties.

Stock Transfer Agency

The Parent Company entered into an agreement with PSTI to avail their services as stock transfer agent.

Compensation of Key Management Personnel

Compensation of the key management personnel of the Company consists only of directors' fees amounting to P1.6 million and P0.9 million for the three months ended March 31, 2024 and 2023, respectively (see Note 15).

The Company does not have any regular employees. The accounting and management services are under the management of Philcomsat.

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## 19. Earnings Per Share

Basic/diluted earnings per share is computed as follows:

|   | From January 1<br>to March 31,<br>2024<br>(Unaudited) | From January 1<br>to March 31,<br>2023<br>(Unaudited) |
|---|---|---|
| Net income                                    | P5,062,909  | P9,007,711  |
| Weighted average number of shares outstanding | 996,391,254   | 996,391,254   |
|   | P0.0051   | P0.0090   |

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## 20. Financial Risk Management Objectives and Policies

The Group's principal financial instruments are comprised of cash and cash equivalents, receivables (excluding advances subject to liquidation), due from related parties, financial assets at FVPL and FVOCI, trade and other payables (excluding statutory payables), customers' deposits and due to a related party. The main risks arising from the Group's financial instruments are market, credit and liquidity risks.

Market Risk

Market risk is the risk that the value of an investment will decrease due to movements in market factors such as, but not limited to, equity price risk or the risk that the stock prices will change; interest rate risk or the risk that interest rates will change and currency risk or the risk that foreign exchange rates will change.

The central focus of the Group's market risk management is financial assets at FVOCI. The Group has established a risk management/measure system to mitigate the adverse effects in fluctuations of the price or market value of these financial assets. The current policies of the Group are anchored on the selective purchase of shares of stock and establishment of trading and stop loss limits on dealer trading activities to manage possible financial losses to be incurred from trading activities.

*Equity Price Risk*

Equity price risk is the risk that the fair values of equity instruments recognized under financial assets at FVOCI decrease as the result of changes in the levels of equity indices and the value of individual stocks.

The Company measures the sensitivity of its investment securities by using PSE index (PSEi) fluctuations. The table below sets forth the impact of changes in PSEi in other comprehensive income.

|                       | Increase (Decrease) in<br>PSEi | Increase (Decrease) in<br>Other Comprehensive Income |
|-----------------------|--------------------------------|--|
| <b>March 31, 2024</b> | 2%                             | <b>P3,196,188</b>                                    |
|                       | (6%)                           | (11,945,628)   |
| March 31, 2023        | 7%                             | 16,876,688   |
|                       | (5%)                           | (10,759,420)   |
| December 31, 2023     | 11%                            | 19,313,028   |
|                       | (7%)                           | (13,377,391)   |

The sensitivity of the equity is the effect of the assumed changes in the PSEi on the net unrealized gain (loss) for the period, based on the adjusted beta rate of equity securities as at March 31, 2024 and 2023, and December 31, 2023.

*Interest Rate Risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. As at March 31, 2024 and 2023, and December 31, 2023, the Group has repriceable financial assets, specifically investments in quoted bonds classified as financial assets at FVOCI. Accordingly, the Group is subject to fair value interest rate risk.

The Group measures the sensitivity of its investment securities by using PHP BVAL reference rate fluctuations. The table below sets forth the impact of changes in PHP BVAL in the Group's other comprehensive income.

|                       | Increase (Decrease) in<br>PHP BVAL | Increase (Decrease) in<br>Other Comprehensive Income |
|-----------------------|------------------------------------|--|
| <b>March 31, 2024</b> | 1%                                 | <b>P7,789,031</b>                                    |
|                       | (3%)                               | (16,725,920)   |
| March 31, 2023        | 10%                                | 61,066,099   |
|                       | (3%)                               | (17,947,428)   |
| December 31, 2023     | 14%                                | 81,643,390   |
|                       | (5%)                               | (28,957,310)   |

Foreign Exchange Risk

The Group's foreign-currency denominated financial instrument consists of cash in banks and cash equivalents totaling US\$0.6 million as at March 31, 2024 and 2023, and December 31, 2023, respectively. The Group's exposure to foreign currency risk is insignificant.

The Group's objective is to reduce the exposure to foreign currency risk at a minimum since revenues are peso-denominated.

#### Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial assets that potentially subject the Group to credit risk consist primarily of cash in banks and cash equivalents, receivables (excluding advances subject to liquidation), due from related parties and debt instruments measured at FVOCI.

The Group enters into contracts only with recognized, credit-worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group obtains guarantees where appropriate to mitigate credit risk.

The Group enters into contracts only with recognized, credit-worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group obtains guarantees where appropriate to mitigate credit risk.

#### *Financial Assets*

The Group limits its credit risk by depositing its cash with highly reputable and pre-approved financial institutions and by providing loans to counterparties with sufficient liquid assets to settle the loan balance when demanded.

As discussed in Note 3 to the financial statements, the Group considers credit risk in measuring ECL of debt instruments at amortized cost. Since all of these financial assets of the Company are considered to have low credit risk, impairment loss is limited to 12 months ECL.

The Group has no concentration of credit risk. The carrying amounts of the Group's financial assets at amortized cost and FVOCI represent the maximum exposure to credit risk as at the reporting date as follows:

|                            | <b>March 31,<br/>2024<br/>(Unaudited)</b> | <b>March 31,<br/>2023<br/>(Unaudited)</b> | <b>December 31,<br/>2022<br/>(Audited)</b> |
|----------------------------|---|---|--|
| Cash and cash equivalents* | <b>P109,967,597</b>                       | P79,325,196                               | P119,739,573                               |
| Receivables                | <b>120,930,870</b>                        | 178,733,107                               | 124,371,493                                |
| Due from related parties   | <b>8,442,728</b>                          | 264,773,649                               | 6,938,183                                  |
| Financial assets at FVPL   | <b>131,104</b>                            | 102,184                                   | 131,104                                    |
| Financial assets at FVOCI  | <b>897,238,954</b>                        | 953,992,204                               | 912,363,316                                |

\*excluding cash on hand amounting to P6,134 as at March 31, 2024, P12,939 as at March 31, 2023, and P11,100 as at December 31, 2023.

Generally, receivables are written-off if collection cannot be made despite exhausting all extra-judicial and legal means of collection. The maximum exposure to credit risk at reporting date is the carrying value of the financial assets. The Group does not hold collateral as security.

#### Liquidity Risk

The Group seeks to manage its liquid funds through cash planning on a monthly basis. The Group uses historical figures and experiences, and forecasts from its collection and disbursements. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. Moreover, it continuously assesses conditions in the financial markets for possible business opportunities.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash. The Group considers its available funds and its liquidity in managing its financial requirements. For its short-term funding, the Group's policy is to ensure that there are sufficient capital inflows to match repayments of trade and other payables.

The tables below summarize the maturity profile of the Company's financial liability based on contractual undiscounted payments:

|                          | March 31, 2024 (Unaudited) |                   |                |                     |                   |
|--------------------------|----------------------------|-------------------|----------------|---------------------|-------------------|
|                          | On Demand                  | 1 to 3 months     | 3 to 12 months | More than 12 months | Total             |
| Trade and other payables | P-                         | P1,362,454        | P-             | P-                  | P1,362,454        |
| Dividends payable        | 5,184,637                  | –                 | –              | –                   | 5,184,637         |
| Due to a related party   | 1,344,614                  | –                 | –              | –                   | 1,344,614         |
| Lease liabilities        | –                          | 1,409,856         | –              | 265,843             | 1,675,699         |
|                          | <b>P6,529,251</b>          | <b>P2,772,310</b> | <b>P–</b>      | <b>P265,843</b>     | <b>P9,567,404</b> |

|                          | March 31, 2023 (Unaudited) |                   |                 |                     |                    |
|--------------------------|----------------------------|-------------------|-----------------|---------------------|--------------------|
|                          | On Demand                  | 1 to 3 months     | 3 to 12 months  | More than 12 months | Total              |
| Trade and other payables | P–                         | P2,478,565        | P–              | P–                  | P2,478,565         |
| Customers' deposits      | 1,237,874                  | –                 | –               | –                   | 1,237,874          |
| Dividends payable        | 8,227,762                  | –                 | –               | –                   | 8,227,762          |
| Lease liabilities        | –                          | 426,727           | 739,869         | 1,487,184           | 2,653,780          |
|                          | <b>P9,465,636</b>          | <b>P2,905,292</b> | <b>P739,869</b> | <b>P1,487,184</b>   | <b>P14,597,981</b> |

|                          | December 31, 2023 (Audited) |                   |                |                     |                    |
|--------------------------|-----------------------------|-------------------|----------------|---------------------|--------------------|
|                          | On Demand                   | 1 to 3 months     | 3 to 12 months | More than 12 months | Total              |
| Trade and other payables | P–                          | P3,624,129        | P–             | P–                  | P3,624,129         |
| Dividends payable        | 5,184,637                   | –                 | –              | –                   | 5,184,637          |
| Due to a related party   | 28,344,614                  | –                 | –              | –                   | 28,344,614         |
| Lease liabilities        | –                           | 1,865,929         | –              | 265,843             | 2,131,772          |
|                          | <b>P33,529,251</b>          | <b>P5,490,058</b> | <b>P–</b>      | <b>P265,843</b>     | <b>P39,285,152</b> |

## 21. Fair Value Measurement

The tables below present the financial assets and liabilities of the Company whose carrying amounts approximate fair values due to the short-term nature of the transactions:

### Financial Assets

|                            | March 31, 2024 (Unaudited) |                       | March 31, 2023 (Unaudited) |                |
|----------------------------|----------------------------|-----------------------|----------------------------|----------------|
|                            | Carrying Amount            | Fair Value            | Carrying Amount            | Fair Value     |
| Cash and cash equivalents  | <b>P109,973,731</b>        | <b>P109,973,731</b>   | P79,338,135                | P79,338,135    |
| Receivables                | <b>120,930,870</b>         | <b>120,930,870</b>    | 178,733,107                | 178,733,107    |
| Due from related parties   | <b>8,442,728</b>           | <b>8,442,728</b>      | 264,773,649                | 264,773,649    |
| Financial assets at FVPL   | <b>131,104</b>             | <b>131,104</b>        | 102,184                    | 102,184        |
| Financial assets at FVOCI: |                            |                       |                            |                |
| Quoted bonds               | <b>563,269,956</b>         | <b>563,269,956</b>    | 581,804,720                | 581,804,720    |
| Quoted shares of stocks    | <b>187,770,689</b>         | <b>187,770,689</b>    | 227,527,230                | 227,527,230    |
| UITFs                      | <b>106,898,309</b>         | <b>106,898,309</b>    | 105,660,254                | 105,660,254    |
| Unquoted shares of stocks  | <b>30,000,000</b>          | <b>30,000,000</b>     | —                          | —              |
| Club memberships           | <b>9,300,000</b>           | <b>9,300,000</b>      | 9,000,000                  | 9,000,000      |
|                            | <b>P1,136,717,387</b>      | <b>P1,136,717,387</b> | P1,446,939,279             | P1,446,939,279 |

|                            | December 31, 2023 (Audited) |                       |
|----------------------------|-----------------------------|-----------------------|
|                            | Carrying Amount             | Fair Value            |
| Cash and cash equivalents  | P119,750,672                | P119,750,672          |
| Receivables*               | 119,371,493                 | 119,371,493           |
| Due from related parties   | 6,938,183                   | 6,938,183             |
| Financial assets at FVPL   | 131,104                     | 131,104               |
| Financial assets at FVOCI: |                             |                       |
| Quoted bonds               | 580,377,590                 | 580,377,590           |
| Quoted shares of stocks    | 181,171,339                 | 181,171,339           |
| UITFs                      | 111,514,387                 | 111,514,387           |
| Unquoted shares of stocks  | 9,300,000                   | 9,300,000             |
| Club memberships           | 30,000,000                  | 30,000,000            |
|                            | <b>P1,158,554,768</b>       | <b>P1,158,554,768</b> |

### Financial Liabilities

|                          | March 31, 2024 (Unaudited) |                   | March 31, 2023 (Unaudited) |             |
|--------------------------|----------------------------|-------------------|----------------------------|-------------|
|                          | Carrying Amount            | Fair Value        | Carrying Amount            | Fair Value  |
| Trade and other payables | <b>P1,362,454</b>          | <b>P1,362,454</b> | P2,478,565                 | P2,478,565  |
| Customers' deposits      | —                          | —                 | 1,237,874                  | 1,237,874   |
| Dividends payable        | <b>5,184,637</b>           | <b>5,184,637</b>  | 8,227,762                  | 8,227,762   |
| Due to a related party   | <b>1,344,614</b>           | <b>1,344,614</b>  | —                          | —           |
| Lease liabilities        | <b>1,675,699</b>           | <b>1,675,699</b>  | 2,653,780                  | 2,653,780   |
|                          | <b>P9,567,404</b>          | <b>P9,567,404</b> | P14,597,981                | P14,597,981 |

|                          | December 31, 2023 (Audited) |                   |
|--------------------------|-----------------------------|-------------------|
|                          | Carrying Amount             | Fair Value        |
| Trade and other payables | P3,624,129                  | P3,624,129        |
| Dividends payable        | 5,184,637                   | —                 |
| Due to a related party   | 28,344,614                  | —                 |
| Lease liabilities        | 2,131,772                   | 2,131,772         |
|                          | <b>P39,285,152</b>          | <b>P5,755,901</b> |

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

*Cash and Cash Equivalents, Due from Related Parties, Accounts Payable and Accrued Expenses and Customers' Deposits.* Due to the short-term nature of transactions, the carrying amounts approximate their fair values as at reporting date.

*Financial Assets at FVPL and FVOCI.* The fair value of these financial assets, except for managed funds, are determined in reference to quoted market bid prices at the close of business on the reporting date since most of these are actively traded in an organized financial market. The fair values of managed funds are determined through reference to the quoted price of the underlying securities in the fund. The fair value measurement of these financial assets is classified as Level 1 (Quoted bonds, shares of stock and club memberships) and Level 2 (UITFs).

*Receivables (excluding Advances Subject to Liquidation).* The fair values of receivables are estimated as the present value of all future cash flows discounted using applicable rates of similar type of instruments as at reporting date. The discount rates used ranged from 6.0% to 7.0% as at March 31, 2024 and 2023, and December 31, 2023. The fair value measurement of these receivables is classified as Level 2 (Significant observable inputs).

*Lease Liabilities.* The carrying amount of lease liabilities approximate its fair value because the initial recognition of lease liability is based on the discounted value of lease rentals and expected payments at the end of the lease.

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## 22. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments when there are changes in economic conditions.

The Company considers total equity as its capital. The Company monitors its capital structure using debt-to-equity ratio which is gross debt divided by equity as follows:

|                      | March 31,<br>2024<br>(Unaudited) | March 31,<br>2023<br>(Unaudited) | December 31,<br>2022<br>(Audited) |
|----------------------|----------------------------------|----------------------------------|-----------------------------------|
| Total Debt           | P28,911,328                      | P34,275,210                      | P61,284,193                       |
| Total Equity         | 1,470,028,963                    | 1,460,169,940                    | 1,458,454,929                     |
| Debt-to-equity ratio | 0.02:1                           | 0.02:1                           | 0.04:1                            |

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## 23. Changes in Liabilities Arising from Financing Activities

The following table summarizes the changes in liabilities arising from financing activities as at September 30, 2023 and 2022:

|                   | December 31,<br>2023<br>(Audited) | Additions | Payments   | March 31,<br>2024<br>(Unaudited) |
|-------------------|-----------------------------------|-----------|------------|----------------------------------|
| Lease liabilities | P2,131,772                        | P-        | (P456,073) | P1,675,699                       |

|                   | December 31,<br>2022<br>(Audited) | Additions  | Payments   | March 31,<br>2023<br>(Unaudited) |
|-------------------|-----------------------------------|------------|------------|----------------------------------|
| Lease liabilities | P257,209                          | P2,831,920 | (P435,349) | P2,653,780                       |

## 24. Operating Segment Information

The Group is organized into operating segments based on the type of product or service. The Group's reportable operating segments relates to investing of funds in various financial assets, service agreements with the government and stock transfer agency.

The disaggregated revenue, as disclosed in Note 14, was assigned to the operating segments as follows:

| Revenue as Disaggregated | Operating Segment     |
|--------------------------|-----------------------|
| Interest income          | Investing of funds    |
| Dividend income          | Investing of funds    |
| Retainer fee             | Stock transfer agency |
| Stock transfer fee       | Stock transfer agency |
| Other service fee        | Stock transfer agency |

All of the assets relating to the Group's operating segments are located in the Philippines. Accordingly, reporting operating segments per geographical business operation is not required.

Segment assets, liabilities and revenue and expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and expenses are consistent with that presented in the consolidated statements of comprehensive income.

Significant information of the Group's reportable segments is as follows:

| Segment                  | March 31, 2024 (Unaudited) |                        |                          |               |
|--------------------------|----------------------------|------------------------|--------------------------|---------------|
|                          | Investing of<br>Funds      | Management<br>Services | Stock Transfer<br>Agency | Total         |
| Segment revenue          | P10,394,140                | P-                     | P2,611,379               | P13,005,519   |
| Segment profit           | 13,273,925                 | —                      | 1,704,369                | 14,978,294    |
| Depreciation             | 356,200                    | —                      | 101,506                  | 457,706       |
| Provision for income tax | 123,311                    | (3,096)                | 246,825                  | 367,040       |
| Total assets             | 1,460,135,958              | 34,043,492             | 4,760,841                | 1,498,940,291 |
| Total liabilities        | 27,808,105                 | 56,181                 | 1,047,042                | 28,911,328    |

| Segment                  | March 31, 2023 (Unaudited) |                        |                          |               |
|--------------------------|----------------------------|------------------------|--------------------------|---------------|
|                          | Investing of<br>Funds      | Management<br>Services | Stock Transfer<br>Agency | Total         |
| Segment revenue          | P14,322,498                | P-                     | P2,064,668               | P16,387,166   |
| Segment profit           | 15,736,179                 | —                      | 1,035,047                | 16,771,226    |
| Depreciation             | 356,200                    | —                      | 100,654                  | 456,854       |
| Provision for income tax | (1,429,609)                | 15,928                 | 162,194                  | (1,251,487)   |
| Total assets             | 1,457,352,982              | 31,245,328             | 5,846,840                | 1,494,445,150 |
| Total liabilities        | 32,521,150                 | 76,620                 | 1,677,440                | 34,275,210    |

December 31, 2023 (Audited)

| Segment                  | Investing of Funds | Management Services | Stock Transfer Agency | Total         |
|--------------------------|--------------------|---------------------|-----------------------|---------------|
| Segment revenue          | P47,175,500        | P-                  | P8,773,053            | P55,948,553   |
| Segment profit           | 48,537,820         | —                   | 5,227,039             | 53,764,859    |
| Depreciation             | 1,424,801          | —                   | 403,752               | 1,828,553     |
| Provision for income tax | (1,335,734)        | (26,586)            | 460,790               | (901,530)     |
| Total assets             | 1,481,824,071      | 31,078,116          | 6,836,935             | 1,519,739,122 |
| Total liabilities        | 60,095,073         | 78,682              | 1,110,438             | 61,284,193    |

Reconciliation of the total balances for the reportable segments with the balances in the consolidated statements of financial position and consolidated statements of income is as follows:

March 31, 2024 (Unaudited)

|                                 | Not Attributable    |                        |                       |
|---------------------------------|---------------------|------------------------|-----------------------|
|                                 | Reportable Segments | to Reportable Segments | Consolidated Balances |
| Revenue                         | P13,005,519         | P-                     | P13,005,519           |
| Cost and expenses               | (1,397,067)         | (6,511,490)            | (7,908,557)           |
| Other income                    | 362,810             | —                      | 362,810               |
| Finance costs                   | (29,823)            | —                      | (29,823)              |
| Income (loss) before income tax | 11,941,439          | (6,511,490)            | 5,429,949             |
| Benefit from income tax         | 367,040             | —                      | 367,040               |
| Net income (loss)               | P11,574,399         | (P6,511,490)           | P5,062,909            |

|        |                |            |                |
|--------|----------------|------------|----------------|
| Assets | P1,498,940,291 | P1,319,429 | P1,498,940,291 |
|--------|----------------|------------|----------------|

|             |             |    |             |
|-------------|-------------|----|-------------|
| Liabilities | P29,016,777 | P- | P28,911,328 |
|-------------|-------------|----|-------------|

March 31, 2023 (Unaudited)

|                                 | Not Attributable    |                        |                       |
|---------------------------------|---------------------|------------------------|-----------------------|
|                                 | Reportable Segments | to Reportable Segments | Consolidated Balances |
| Revenue                         | P16,387,166         | P-                     | P16,387,166           |
| Cost and expenses               | (1,360,428)         | (6,439,843)            | (7,800,271)           |
| Other income                    | (814,868)           | —                      | (814,868)             |
| Finance costs                   | (15,803)            | —                      | (15,803)              |
| Income (loss) before income tax | 14,196,067          | (6,439,843)            | 7,756,224             |
| Benefit from income tax         | (1,251,487)         | —                      | (1,251,487)           |
| Net income (loss)               | P15,447,554         | (P6,439,843)           | P9,007,711            |

|        |                |            |                |
|--------|----------------|------------|----------------|
| Assets | P1,493,125,721 | P1,319,429 | P1,508,656,015 |
|--------|----------------|------------|----------------|

|             |             |    |             |
|-------------|-------------|----|-------------|
| Liabilities | P34,275,210 | P- | P27,692,980 |
|-------------|-------------|----|-------------|

December 31, 2023 (Audited)

|                                 | Reportable Segments | Not Attributable to Reportable Segments | Consolidated Balances |
|---------------------------------|---------------------|---|-----------------------|
| Revenue                         | P55,948,553         | P-                                      | P55,948,553           |
| Cost and expenses               | (8,997,654)         | (27,083,930)                            | (36,081,584)          |
| Other charges                   | (2,746,989)         | —                                       | (2,746,989)           |
| Finance costs                   | (130,479)           | —                                       | (130,479)             |
| Income (loss) before income tax | 44,073,431          | (27,083,930)                            | 16,989,501            |
| Provision for income tax        | (901,530)           | —                                       | (901,530)             |
| Net income (loss)               | P44,974,961         | (P27,083,930)                           | P17,891,031           |
| Assets                          | P1,518,419,693      | P1,319,429                              | P1,519,739,122        |
| Liabilities                     | P61,284,193         | P-                                      | P61,284,193           |

Differences between the reportable segment's assets, liabilities, revenue and net income and the Group's consolidated assets, liabilities, revenue and net income pertain primarily to goodwill and the Parent Company's operating expenses in 2024 and 2023, which cannot be directly attributed to any reportable segment.

## 25. Aging of Accounts Receivable

The aging schedule of the Group's receivables are as follows:

|                          | March 31, 2024<br>(Unaudited) |                           |                   |              |
|--------------------------|-------------------------------|---------------------------|-------------------|--------------|
|                          | Neither Past Due nor Impaired | Past Due but not impaired |                   |              |
|                          |                               | 30 days                   | More than 60 days | Total        |
| Notes and loans          | P112,824,767                  | P-                        | P-                | P112,824,767 |
| Due from related parties | 8,442,728                     | —                         | —                 | 8,442,728    |
| Interest receivable      | 8,319,570                     | —                         | —                 | 8,319,570    |
| Retainer fee receivable  | 1,371,611                     | —                         | —                 | 1,371,611    |
| Dividend receivable      | 99,525                        | —                         | —                 | 99,525       |
| Others                   | 372,714                       | —                         | —                 | 372,714      |
|                          | P131,430,915                  | P-                        | P-                | P131,430,915 |

|                          | March 31, 2023<br>(Unaudited) |                           |                   |              |
|--------------------------|-------------------------------|---------------------------|-------------------|--------------|
|                          | Neither Past Due nor Impaired | Past Due but not impaired |                   |              |
|                          |                               | 30 days                   | More than 60 days | Total        |
| Notes and loans          | P152,032,110                  | P-                        | P-                | P152,032,110 |
| Due from related parties | 264,773,649                   | —                         | —                 | 264,773,649  |
| Interest receivable      | 30,277,444                    | —                         | —                 | 30,277,444   |
| Retainer fee receivable  | 1,319,286                     | —                         | —                 | 1,319,286    |
| Dividend receivable      | 132,664                       | —                         | —                 | 132,664      |
|                          | P448,535,153                  | P-                        | P-                | P448,535,153 |

December 31, 2023

(Audited)

|                          | Neither Past<br>Due nor<br>Impaired | Past Due but not impaired |                      |              | Total |
|--------------------------|-------------------------------------|---------------------------|----------------------|--------------|-------|
|                          |                                     | 30 days                   | More than<br>60 days |              |       |
|                          |                                     |                           |                      |              |       |
| Notes and loans          | P111,124,767                        | P-                        | P-                   | P111,124,767 |       |
| Due from related parties | 6,938,183                           | —                         | —                    | 6,938,183    |       |
| Interest receivable      | 8,502,898                           | —                         | —                    | 8,502,898    |       |
| Retainer fee receivable  | 1,767,813                           | —                         | —                    | 1,767,813    |       |
| Dividend receivable      | 33,332                              | —                         | —                    | 33,332       |       |
|                          | P128,366,993                        | P-                        | P-                   | P128,366,993 |       |

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## 26. Civil Cases

An action was filed in the Sandiganbayan by a group claiming to be directors and officers of POTC and Philcomsat seeking to enjoin the present directors and officers of POTC and Philcomsat from representing themselves as directors and officers and representatives of the Parent Company. The Parent Company sought the dismissal of the complaint against it on the ground that it is not a real party-in-interest since the injunction being sought is not directed against it. The Sandiganbayan issued a decision dismissing the case. The group alleging that they are the POTC and Philcomsat board of directors, however, appealed the case with the Supreme Court (SC) on November 10, 2008. The SC consolidated this case with three other cases.

On July 3, 2013, the SC in GR Nos. 184622, 184712-14, 186066 and 186590 ruled in favor of the Bildner Group and declared the Bildner Group as the legitimate board of directors of the Parent Company. The July 3, 2013 Decision attained finality on October 23, 2013 when the SC issued a Resolution denying the Motions for Reconsideration filed by the opposing parties. On March 27, 2014, the July 23, 2013 Decision has become final and executory.

The Parent Company also filed cases for the recovery of advances made by former directors and officers of the Company. These cases are now pending resolution with the Department of Justice (DOJ).

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## 27. Litigation

The following cases were filed by the Parent Company to recover assets allegedly withdrawn or misappropriated by the former officers:

- Philippine Communications Satellite Corporation against Philcomsat Holdings Corp. (PHC and former directors), Luis Lokin Jr., Enrique Locsin and Philip Brodett (Locsin Group)

PHC, through the valid and incumbent directors (Bildner Group) filed a Motion for Issuance of Writ of Execution with the Regional Trial Court (RTC) of Makati Branch 138 as court of origin, following the final resolution of SC declaring the election of Locsin Group as PHC's officers and directors. Accordingly, the SC ordered the Locsin Group to render an accounting and return of funds allegedly received from the Parent Company. An Order granting the Motion was issued on February 20, 2017, resulting to the issuance of the Writ of Execution on February 28, 2017. On January 9, 2018, PHC filed a manifestation for the implementation of the Writ of Execution. On February 9, 2018, an Order was issued directing PHC, within thirty (30) days from receipt, to submit its preferred accounting firm who will conduct the accounting of all funds and other assets received from POTC, PHC and Philcomsat since September 2004. On February 22, 2018, PHC filed its Ex-Parte Manifestation and Motion, in compliance with the said Order. On July 11, 2018, the Sheriff of the Office of the Clerk of Court of Makati served the Writ of Execution to Manuel Andal, Benito Araneta, Philip Brodett, Enrique Locsin, Concepcion Poblador and Johnny Tan. On June 6, 2019, PHC filed an Ex-Parte Motion to Resolve the pending motion to appoint Virgilio R. Santos as the auditing accounting firm for the execution of the SC Decision dated July 3, 2013 issued in GR Nos. 184622, 184712-14, 186066 and 186590.

There was a status conference held in this case on December 13, 2019 where the Court required the defendants to provide a name of their selected accountant to move forward with the audit. The defendants failed or refused again to comply, so the Court is likely to appoint Philcomsat's proposed accountant, Virgilio R. Santos, to do the audit. On May 18, 2022, Philcomsat filed an Ex-Parte Motion to Resolve praying that an Order be issued allowing VRS to commence the accounting of corporate funds received, utilized and disbursed by all the defendants and their assigns, which the Court granted in its Order of June 3, 2022. However, VRS has already retired. The issue of who would render the audit remains unsolved.

On May 2, 2017, the Presidential Commission on Good Government (PCGG) and Locsin filed with the Court of Appeals (CA) a Petition for Certiorari and Prohibition with Very Urgent Prayer for Issuance of Temporary Restraining Order and/or Writ of Preliminary Injunction assailing the Order dated February 20, 2017 issued by the RTC. On January 30, 2018, the CA issued a Decision dismissing the Petition. On February 22, 2018, PCGG and Locsin filed their Motion for Reconsideration with Motion to Exclude the PCGG from the instant Petition, which are both denied in a Resolution dated June 27, 2018. On August 8, 2018, PCGG filed its Motion for Reconsideration on the denial of its Motion for Exclusion. On October 29, 2018, Philcomsat filed its Opposition thereto.

Meanwhile, PCGG and Locsin filed a Petition for Review with the Supreme Court (SC) questioning the Decision issued by the CA dated January 30, 2018, which dismissed their Appeal. Philcomsat filed its comment thereto on November 6, 2018. PCGG filed its Reply on February 17, 2020. Philcomsat and PCGG and Locsin filed their memoranda on March 10 and 13, 2023,

Separately, Brodett filed his Petition for Certiorari under Rule 65 with the CA assailing the Order issued by the RTC, which denied his Motion for Clarification on the issue of rendering an accounting of the funds. The CA denied his Petition on the ground that clarification may only be allowed if the order involves a clerical error but not when it is an alleged erroneous judgment or dispositive portion of the decision. Since Brodett's Motion for Clarification was raised questioning the grant of a writ of execution, the CA held that it cannot be subject of a motion for clarification. On December 15, 2017, the CA's dismissal was issued and the case was considered terminated. Brodett still filed his Motion for Reconsideration, which was denied on May 10, 2018. Brodett elevated the matter to the SC via Petition for Review but the SC denied the same in a Resolution dated August 29, 2018.

On December 7, 2022, the Court issued a Resolution requiring the parties to file their respective memoranda. On March 10 and 13, 2023, Philcomsat and PCGG filed their memorandum.

- Complaint for collection against Araneta and Lokin

On May 26, 2010, a complaint for collection of sum of money and damages, with an application for a Writ of Preliminary Attachment dated May 24, 2010 was filed by the Parent Company against Benito Araneta and Luis Lokin Jr., former directors of the Parent Company for an alleged personal back to back loans with Bankwise procured by Araneta using the Parent Company's funds as collateral, with the help of Lokin, in the amount of P35.3 million.

On February 2, 2017, a Decision was issued finding Araneta and Lokin liable to pay PHC; a) actual damages in the sum of P31.5 million plus legal interest of 6% computed from May 26, 2010, the time of judicial demand until fully paid; b) P200,000 as and by way of exemplary damages; and c) P200,000 as and by way of attorney's fees, plus costs of suit.

Araneta and Lokin filed their Notices of Appeal on September 6 and September 8, 2017, respectively. On January 16, 2018, the Court of Appeals (CA) required defendants to file Appellant's Brief within 45 days from receipt thereof. On April 20, 2018 and May 7, 2018, PHC received Lokin and Araneta's Appellant's Briefs, respectively. On June 5, 2018, PHC filed its Appellee's Brief. On September 18, 2018, PHC filed a Compliance submitting proof of service of its Appellee's Brief to defendants in accordance with the CA's Resolution dated July 2, 2018. On April 25, 2019, the CA issued a Decision granting Araneta's appeal. On May 30, 2019, PHC filed its Motion for Reconsideration of the said Decision. On July 11, 2019, Araneta filed his Comment thereto, in accordance with the Resolution dated June 6, 2019 issued by the CA to file the same.

On October 24, 2019, the Court of Appeal issued a Resolution denying PHC's Motion for Reconsideration. On November 26, 2019, PHC elevated the case to the Supreme Court via Petition for Review on Certiorari under Rule 45. On March 9, 2020, Araneta filed his Comment. On July 21, 2023, Araneta filed a Motion for Early Resolution.

- Criminal complaint against Brodett and Bankwise Officers using spurious bank accounts for Parent company's deposits

On May 8, 2008, the Parent Company filed a criminal complaint for estafa for misappropriation of corporate funds against Brodett, a former director of the Parent Company, and certain officers of Bankwise. The complaint alleged that the unauthorized deposits, withdrawals and transfers of the Company's funds in the amount of P66.8 million was processed through spurious bank accounts and involved the co-mingling and transfer of funds between the Parent Company's accounts and certain personal accounts.

On June 14, 2016, an Order was issued allowing Brodett to present his defense only with respect to the P27.0 million and P9.3 million which allegedly came from PHC funds and not in the whole amount of P66.8 million. On July 1, 2016, a Motion for Reconsideration of the said Order was filed by the Private Prosecutor (Parent Company). On August 30, 2016, the Private Prosecutor filed a Reply to Brodett's Comment/Opposition dated August 25, 2016. After the presentation of defense evidence has already been concluded on June 5, 2018, the accused filed their Formal Offer of Evidence, which was partially admitted by the Court on August 28, 2018. On February 21, 2020, the Court promulgated its judgment finding accused Brodett guilty for the crime of theft, sentencing him to the penalty of imprisonment for a minimum period of four (4) years, two (2) months, one (1) day, to a maximum period of sixteen (16) years and 4 months. He was also found civilly liable to pay PHC the amount of P14,235,700, with legal interest of 12% per annum from April 11, 2008 until June 30, 2013 and the total obligation plus 6% legal interest from July 1, 2013 until fully paid. On March 10, 2020, Brodett filed his Motion for Partial Reconsideration of the Decision. On July 1, 2020, PHC filed its Consolidated Comment/Opposition thereto. In ruling Brodett's Motion for Reconsideration, the Court again promulgated the case on December 2, 2020 and affirmed Brodett's conviction. He then filed an appeal on December 3, 2020.

- Criminal complaint against Araneta for non-return of PHC deposits

A criminal complaint for estafa was filed against Araneta for money market placements amounting to P65.0 million which allegedly were not returned to the Parent Company. The case was dismissed on February 9, 2009 for lack of probable cause. The appeal filed on March 4, 2009 is still pending decision with the DOJ as at report date.

- Criminal complaint against Concepcion A. Poblador

A criminal complaint for estafa was filed against Ms. Poblador for allegedly receiving cash advances amounting to P14.5 million, which she failed to account for and return to the Parent Company after formal demands. On February 9, 2009, the DOJ issued a Resolution directing the filing of an information against Ms. Poblador only for P0.2 million.

On January 7, 2014, the Parent Company filed a Petition for Certiorari praying that the DOJ file new information against Ms. Poblador for estafa for the total amount of P16.7 million. On January 10, 2014, the Parent Company received a Petition for Certiorari filed by Ms. Poblador seeking the reversal of the Resolution directing the filing of an Information for estafa against her for P0.2 million. On August 29, 2014, the two petitions were consolidated.

On April 26, 2017, subsequent to the filing of the parties' respective Memoranda, the CA issued a Resolution requiring Ms. Poblador to file a Rejoinder to the Parent Company's Reply (to the Memorandum of Poblador). In the meantime, the case was returned to "Completion State" pending the filing of the Rejoinder. Poblador filed her Rejoinder on June 1, 2017 under a Motion to Admit Attached Rejoinder.

On November 29, 2017, Poblador filed a Manifestation adopting her previous Memorandum dated December 22, 2014 as her compliance with the Resolution dated October 11, 2017. The Office of the Solicitor General filed a Manifestation and Motion on November 24, 2017 asking that the DOJ Secretary be excused from filing a Memorandum.

Based on the Resolution of the Court requiring the parties anew to file their respective Memorandum, PHC's (2nd) Memorandum was filed on December 13, 2017, within the extended period prayed for.

On June 14, 2019, the CA issued a Decision denying both PHC's and Ms. Poblador's Petitions for Certiorari. On July 5 and 11, 2019, both parties filed their respective Motions for Reconsideration. On July 24, 2019, PHC filed its Comment to Ms. Poblador's Motion for Reconsideration. On August 10, 2020, the CA issued a Resolution denying PHC and Ms. Poblador's Motions for Reconsideration. PHC decided not to pursue the case with the Supreme Court considering that the amount involved is already covered by the advances to affiliates case.

On November 3, 2020, Poblador filed her Petition for Review with the Supreme Court. On April 4, 2022, PHC filed its Comment.

The Group is also involved in other litigations, claims and disputes which are normal to its business. Management believes that the ultimate liability, if any, with respect to these litigations, claims and disputes will not materially affect the financial position and financial performance of the Group.

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

**Key Performance Indicators (KPI)**

The Company's KPI for the quarters ended March 31, 2024 and 2023 are as follows:

| Performance Indicator | Formula             | March 31, | March 31, |
|-----------------------|---------------------|-----------|-----------|
|                       |                     | 2024      | 2023      |
| <i>Liquidity</i>      |                     |           |           |
| Current Ratio         | Current Assets      | 25.36:1   | 37.68:1   |
|                       | Current Liabilities |           |           |
| <i>Leverage</i>       |                     |           |           |
| Debt to Equity Ratio  | Total Liabilities   | 0.02:1    | 0.02:1    |
|                       | Total Equity        |           |           |
| Asset to Equity Ratio | Total Assets        | 1.02:1    | 1.02:1    |
|                       | Total Equity        |           |           |
| <i>Profitability</i>  |                     |           |           |
| Net Profit Ratio      | Net Income          | 0.39:1    | 0.55:1    |
|                       | Revenue             |           |           |
| Return on Assets      | Net Income          | .34%      | .60%      |
|                       | Total Assets        |           |           |
| Return on Equity      | Net Income          | .34%      | .62%      |
|                       | Total Equity        |           |           |

*Liquidity*

The Company's current assets of P247,320,068 as of March 31, 2024 and current liabilities of P9,751,485 resulted in liquidity ratio of 25.36:1 compared to the same quarter of previous year wherein the ratio was higher at 37.68:1. The decrease in current ratio was due to the dividends payable.

*Leverage*

There were no changes between the Debt to Equity ratio and Asset to Equity Ratio for the period of March 31, 2024 and 2023. The ratio shows that the Group's assets are more than adequate to cover its liabilities.

*Profitability*

The Group results of operations for the quarter ended March 31, 2024 resulted to a net income lower than the previous period due to decrease in revenues.

### **Results of Operations**

From 2000 to 2010, the Corporation was involved in an intra-corporate feud between the Brodett-Araneta-Lokin-Locsin-Poblador Group, who controlled the Corporation from 2000 to December 2007, present Management assumed control in December 2007.

Due to the hostile take-over, the Brodett Group withdrew the corporate funds, transferred corporate property and held the corporate funds. Thus, for the period between December 2007 and May 2010, present Management has not been able to focus on growing the business and operations of the Corporation as all efforts were geared towards recovering corporate assets.

Presently, the Company's investments remain in money market placements and other liquid financial instruments.

The following table shows the results of Philcomsat Holdings Corporation's operations for the quarters ended March 31, 2024 and 2023:

| Results of Operations            | For the quarter ended |                   |                         |                   |
|----------------------------------|-----------------------|-------------------|-------------------------|-------------------|
|                                  | March 31,<br>2024     | March 31,<br>2023 | Increase/<br>(Decrease) | YoY Change<br>(%) |
| Revenues                         | P13,005,519           | P16,387,166       | (P3,381,647)            | -20.64%           |
| Expenses                         | (7,938,380)           | (7,816,074)       | 122,306                 | 1.56%             |
| Income (loss) from<br>operations | P5,067,139            | P8,571,092        | (3,503,953)             | -40.88%           |

The Group recorded lower income from operations for the quarter ended March 31, 2024 due to decrease in revenues.

### Discussion and Analysis of Material Events and Uncertainties

|       |  |  |
|-------|--|--|
| i.    | Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.                  | The Parent Company filed various cases against its former directors to recover assets they allegedly withdrawn or misappropriated which, if won, will result in the liquidity position of the Group to increase in a material way.   |
| ii.   | Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.  | The Company guaranteed the obligations of its Parent Company to perform its contract with Speedcast, Ltd. with price of P203 million. As of December 31, 2021, the contract between Speedcast, Ltd. and the Parent Company was terminated which should release the Company from its guarantee. |
| iii.  | All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period. | None   |
| iv.   | Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures should be described.   | None   |
| v.    | Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described.        | The forecast of interest rate cuts during the 2 <sup>nd</sup> half of 2024 and stable inflation can help generate potential returns on different financial markets.  |
| vi.   | Any significant elements of income or loss that did not arise from the registrant's continuing operations  | None   |
| vii.  | The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item.  | The volatility of market prices of the Group's financial assets measured at fair value through other comprehensive income.   |
| viii. | Any seasonal aspects that had a material effect on the financial condition or results of operations.   | None   |

**PHILCOMSAT HOLDINGS CORPORATION**  
**LIST OF TOP 20 STOCKHOLDERS**  
**AS OF MARCH 31, 2024**

| <b>RANK</b> | <b>NAME</b>                               | <b>TOTAL SHARES</b> | <b>PERCENTAGE (%)</b> |
|-------------|---|---------------------|-----------------------|
| 1.          | PHILIPPINE COMMUNICATIONS SATELLITE CORP. | 95,445,690          | 79.9481               |
| 2           | SOMERA, JR., PRUDENCIO C.                 | 100,000,100         | 10.0362               |
| 3           | LAPERAL, OLIVERIO G.                      | 49,556,500          | 4.9736                |
| 4           | PCD NOMINEE CORPORATION                   | 15,864,534          | 1.5819                |
|             | Filipino - 15,328,134                     |                     |                       |
|             | Non-Filipino - <u>536,400</u>             |                     |                       |
| 5           | RCBC T/A 236-235 A/C OLIVERIO LAPERAL     | 4,802,413           | 0.4820                |
| 6           | PRINCE RESOURCES, INC.                    | 4,000,000           | 0.4014                |
| 7           | MARINO OLONDRIZ Y CIA (Hold, per PSE)     | 2,985,600           | 0.2996                |
| 8           | ESTATE OF JOSE MA. OZAMIZ                 | 2,700,000           | 0.2710                |
| 9           | RCBC T/A 36-250 A/C OLIVERIO LAPERAL      | 2,689,000           | 0.2699                |
| 10          | PHIL. OIL DEVELOPMENT CORP.               | 1,500,000           | 0.1505                |
| 11          | IMPERIAL RESOURCES, INC.                  | 800,000             | 0.0803                |
| 12          | LAPERAL, JR., OLIVERIO                    | 776,743             | 0.0780                |
| 13          | BENJAMIN CO CA & CO., INC.                | 504,300             | 0.0506                |
| 14          | STA. TERESA, ODILON                       | 500,000             | 0.0506                |
| 15          | CONCEPCION, REGINA L.                     | 481,000             | 0.0483                |
| 16          | LAPERAL, ROSA MARIA L.                    | 448,000             | 0.0450                |
| 17          | LAPERAL, ALEXANDRA L.                     | 440,000             | 0.0442                |
| 18          | CHENG, AGRIFINO T.                        | 410,000             | 0.0442                |
| 19          | ANSALDO, GODINEZ & CO., INC.              | 332,550             | 0.0334                |
| 20          | DACILLO, NENITA                           | 320,000             | 0.0321                |

**As of March 31, 2024, the members of Board of Directors/Key Officers of Philcomsat Holdings Corporation are as follows:**

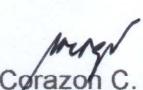
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|--------------------------|--|
| Santiago J. Ranada, Jr.  | Director and Chair                                       |
| Katrina C. Ponce Enrile  | Director and President/CEO                               |
| Victoria C. De los Reyes | Director and VP  |
| Erlinda I. Bildner       | Director and CFO/Treasurer                               |
| Marietta K. Ilusorio     | Director   |
| Daniel C. Gutierrez      | Director   |
| Pablo L. Lobregat        | Director   |
| Prudencio C. Somera      | Director   |
| Jose Ramon C. Ozamiz     | Director   |
| Julie Y. Daza            | Director   |
| Oliverio L. Laperal, Jr. | Director   |
| John Benedict L. Sioson  | Corporate Secretary/ Corporate Information Officer       |
| Manolita L. Morales      | Assistant Treasurer                                      |
| Bernadette Y. Blanco     | Chief Compliance Officer                                 |
| Jose Pio J. Seva         | Assistant Corporate Secretary/Investor Relations Officer |

## Certification

I, Maria Corazon C. Aquino, Accounting Manager of Philcomsat Holdings Corporation and Subsidiaries with SEC registration number 11163 with principal office at 12<sup>th</sup> Floor, Telecom Plaza Building 316 Sen. Gil Puyat Avenue, Makati City, on oath state:

- 1) That on behalf of Philcomsat Holdings Corporation and Subsidiaries, I have caused this Quarterly Report (17-Q) to be prepared;
- 2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
- 3) That the company Philcomsat Holdings Corporation and Subsidiaries will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and
- 4) That I am fully aware that the documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

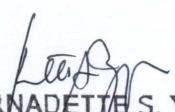
IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of May 2024 at Makati City.

  
Maria Corazon C. Aquino  
Affiant

SUBSCRIBED AND SWORN to before me this 14th day of May 2024 at Makati City, affiant exhibiting to me her SSS ID No. 33-5960600-0 and PRC ID No. 0097868 issued on July 7, 2022 at Sampaloc Manila.

Doc No.: 261  
Page No: 53  
Book No: 1  
Series of 2024



  
ATTY. BERNADETTE S. YANZON  
NOTARY PUBLIC – CITY OF MAKATI  
UNTIL 31 DECEMBER 2024  
NOTARIAL COMMISSION NO. M-262  
12/F TELECOM PLAZA BUILDING  
316 SEN. GIL PUYAT AVENUE, MAKATI CITY  
IBP LIFETIME MEMBER NO. 03264  
PTR NO. 10075057, 01/02/2024, MAKATI CITY  
MCLE COMPLIANCE NO. VII-0013527, 03/28/2022  
ROLL OF ATTORNEY'S NO. 45724  
TIN: 211-177-746

# COVER SHEET

Annex "C-1"

SEC Registration Number

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## COMPANY NAME

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

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |
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| A | V | E | . | , | M | A | K | A | T | I | C | I | T | Y |   |   |   |   |   |   |   |   |   |  |
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Department requiring the report

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Secondary License Type, if Applicable

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| N | / | A |  |
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## COMPANY INFORMATION

Company's Email Address

[inquiry@phc.com.ph](mailto:inquiry@phc.com.ph)

Company's Telephone Number/s

(632) 8815-8406

Mobile Number

-

No. of Stockholders

1,175

Annual Meeting (Month/Day)

3<sup>rd</sup> Monday of November

Fiscal Year (Month/Day)

12/31

## CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Ms. Erlinda I. Bildner

Email Address

-

Telephone Number/s

(632) 8815-8406

Mobile Number

-

## CONTACT PERSON's ADDRESS

12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Ave., Makati City

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

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

**PHILCOMSAT HOLDINGS CORPORATION AND SUBSIDIARIES**  
**FOR THE QUARTERS ENDED OF JUNE 30, 2024 AND 2023**

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**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**

**GENERAL INSTRUCTIONS**

**(a) Use of Form 17-Q**

This SEC Form 17-Q shall be used for quarterly reports under Section 17 of the Code, filed pursuant to paragraph (2)(b) of SRC Rule 17 thereunder and shall be filed within 45 calendar days after the end of each of the first three fiscal quarters of each fiscal year. The first quarterly report of the issuer shall be filed either within 45 calendar days after the effective date of the registration statement or on or before the date on which such report would have been required to be filed if the issuer had been required previously to file reports on SEC Form 17-Q, whichever is later. No report need be filed for the fourth quarter of any fiscal year.

**(b) Application of SRC Rule 72.1: Requirements for Filing Forms**

SRC Rule 72.1 contains general rules and regulations which are applicable to reports on forms to be filed with the Commission. SRC Rule 68 contains requirements for the content of financial statements to be filed with the Commission as part of this report. These Rules should be carefully read and observed in the preparation and filing of reports on this Form.

**(c) Preparation of Report**

(1) This is not a blank form to be filled in. It is a guide to be used in preparing the report in accordance with SRC Rule 72.1. The Commission does not furnish blank copies of this Form to be filled in for filing.

(2) These general instructions are not to be filed with the report. The instructions to the various captions of the form are also to be omitted from the report as filed. The report shall contain the numbers and captions of all applicable items, but the text of such items may be omitted, provided the answers thereto are prepared in the manner specified in SRC Rule 72.1. All items that are not required to be answered in a particular report may be omitted and no reference thereto need be made in the report. All instructions should also be omitted.

**(d) Incorporation by Reference**

In accordance with the provisions of SRC Rule 12-2, if the issuer makes available to its stockholders or otherwise publishes, within the period prescribed for filing the report, a document or statement containing information meeting some or all of the requirements of Part I of this Form, the information called for may be incorporated by reference from such published document or statement, in answer or partial answer to any item or items of Part I of this Form, provided copies thereof are filed as an exhibit to Part I, and all information called for in this Form is supplied.

**(e) Integrated Reports to Security Holders**

Quarterly reports to security holders may be combined with the required information of Form 17-Q and will be suitable for filing with the Commission if the combined report contains full and complete answers to all items required by this Form. When responses to a certain item of required disclosure are separated within the combined report, an appropriate cross-reference should be made.

**(f) Signature and Filing of Report**

(1) Five complete copies of the report, including any financial statements, exhibit or other paper or document filed as a part thereof shall be filed with the Commission. At least one complete copy of the report, including any financial statements, exhibit or other paper or document filed as a part thereof, shall, if any class of the issuer's securities are listed in a stock exchange, be filed with that Exchange.

(2) At least one complete copy of the report filed with the Commission and, when applicable, one copy filed with the Exchange shall be manually signed on the issuer's behalf by a duly authorized officer of the issuer and by the principal financial or chief accounting officer of the issuer. Copies not manually signed shall bear typed or printed signatures. In the case where the principal financial officer or chief accounting officer is also duly authorized to sign on behalf of the issuer, one signature is acceptable provided the issuer clearly indicates the dual responsibilities of the signatory. See also paragraph (2) and (3) of SRC Rule 72.1 concerning copies, binding, signatures, paper, printing, language, and pagination.

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 June 30, 2024
2. Commission identification number 11163
3. BIR Tax Identification No 000-471-497-000
4. Exact name of issuer as specified in its charter PHILCOMSAT HOLDINGS CORPORATION
5. Province, country or other jurisdiction of incorporation or organization Philippines
6. Industry Classification Code:  (SEC Use Only)
7. Address of issuer's principal office 316 Sen. Gil Puyat Avenue, Makati City Postal Code 1200
8. Issuer's telephone number, including area code (632) 8815-8406
9. Former name, former address and former fiscal year, if changed since last report Not Applicable
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

| Title of each Class | Number of Shares of Common Stock<br>Outstanding and Amount of Debt Outstanding |
|---------------------|--|
| Common Shares       | 996,391,254  |

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

Yes  No

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

Philippine Stock Exchange      Common shares

12. 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  No

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

Yes  No

## 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.

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

Furnish the information required by Part III, Paragraph (A)(2)(b) of "Annex C".

## 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.

## SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer PHILCOMSAT HOLDINGS CORPORATION



ERLINDA I. BILDNER  
Treasurer and Chief Finance Officer

August 13, 2024

## **BUSINESS OVERVIEW**

Philcomsat Holdings Corporation, formerly Liberty Mines, Inc. was incorporated on May 10, 1956. On January 10, 1997, the Corporation approved amendments of its Articles of Incorporation, changing its primary purpose from embarking in the discovery, exploration, development and exploration of mineral oils, petroleum in its natural state, rock or carbon oils and other volatile mineral substances to a holding company and changing its name and declassifying its shares. These changes were filed with the Securities and Exchange Commission (SEC) on April 14, 1997, respectively. The authorized capital of the Corporation is One Billion Pesos (P1,000,000,000) divided into one billion (1,000,000,000) common shares with a par value of P1.00 per share. Of the total authorized capital stock, sixty million (60,000,000) shares are listed at the Philippine Stock Exchange (PSE).

**PHILCOMSAT HOLDINGS CORPORATION**  
*(A Subsidiary of Philippine Communications Satellite Corporation)*  
**AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2024 AND 2023 AND DECEMBER 31, 2023**  
*(Amounts in Philippine Pesos)*

|  | June 30,<br>2024<br>(Unaudited) | June 30,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|--|---------------------------------|---------------------------------|-----------------------------------|
| <b>ASSETS</b>  |                                 |                                 |                                   |
| <b>Current Assets</b>  |                                 |                                 |                                   |
| Cash and cash equivalents (Notes 2, 3, 4, 20 and 21)   | P101,710,975                    | P94,268,796                     | P119,750,672                      |
| Receivables (Notes 2, 3, 5, 18, 20 and 21)   | 138,625,688                     | 158,673,835                     | 119,371,493                       |
| Due from related parties (Notes 2, 3, 18, 20 and 21)   | 5,805,816                       | 264,773,650                     | 6,938,183                         |
| Financial assets at fair value through profit or loss<br>(FVPL) (Notes 2, 3, 20 and 21)                    | 131,104                         | 102,184                         | 131,104                           |
| Assets held for sale (Notes 2, 3 and 6)  | 7,713,214                       | —                               | 8,999,710                         |
| Other current assets (Notes 2 and 3)   | 506,245                         | 600,998                         | 321,018                           |
| <b>Total Current Assets</b>  | <b>254,493,042</b>              | <b>518,419,463</b>              | <b>255,512,180</b>                |
| <b>Noncurrent Assets</b>   |                                 |                                 |                                   |
| Financial assets at fair value through<br>other comprehensive income (FVOCI)<br>(Notes 2, 3, 7, 20 and 21) | 887,176,768                     | 949,831,891                     | 912,363,316                       |
| Receivables – noncurrent (Notes 2, 3, 5, 20 and 21)  | —                               | 5,000,000                       | —                                 |
| Investment properties (Notes 2, 3 and 8)   | 343,475,799                     | 2,249,424                       | 337,864,550                       |
| Right-of-use (ROU) assets – net (Notes 2, 3 and 13)  | 1,156,956                       | 2,187,512                       | 2,057,355                         |
| Property and equipment – net (Notes 2, 3 and 9)  | 37,142                          | 45,306                          | 52,156                            |
| Deferred tax assets – net (Notes 2 and 17)   | —                               | 22,271                          | 132,199                           |
| Other noncurrent assets (Notes 2, 3 and 10)  | 11,307,054                      | 7,340,855                       | 11,757,366                        |
| <b>Total Noncurrent Assets</b>   | <b>1,243,153,719</b>            | <b>966,677,259</b>              | <b>1,264,226,942</b>              |
|  | <b>P1,497,646,761</b>           | <b>P1,485,096,722</b>           | <b>P1,519,739,122</b>             |
| <b>LIABILITIES AND EQUITY</b>  |                                 |                                 |                                   |
| <b>Current Liabilities</b>   |                                 |                                 |                                   |
| Trade and statutory payables (Notes 2, 3, 12, 20 and 21)   | P1,790,995                      | P4,253,385                      | P6,729,170                        |
| Dividends payable (Notes 2, 3, 20 and 21)  | 5,184,637                       | 5,229,637                       | 5,184,637                         |
| Due to a related party (Notes 2, 3, 18, 20 and 21)   | 289,972                         | —                               | 28,344,614                        |
| Lease liabilities – current (Notes 2, 3, 13, 20 and 21)  | 946,913                         | 739,869                         | 1,865,929                         |
| <b>Total Current Liabilities</b>   | <b>8,212,517</b>                | <b>10,222,891</b>               | <b>42,124,350</b>                 |
| <b>Noncurrent Liabilities</b>  |                                 |                                 |                                   |
| Deposit for future stock subscription (Notes 2 and 18)   | 18,894,000                      | 18,894,000                      | 18,894,000                        |
| Lease liabilities – noncurrent (Notes 2, 3, 13, 20 and 21)   | 265,843                         | 1,487,184                       | 265,843                           |
| Deferred tax liabilities – net (Notes 2 and 16)  | 453,360                         | —                               | —                                 |
| <b>Total Noncurrent Liabilities</b>  | <b>19,613,203</b>               | <b>20,381,184</b>               | <b>19,159,843</b>                 |
| <b>Total Liabilities</b>   | <b>27,825,720</b>               | <b>30,604,075</b>               | <b>61,284,193</b>                 |
| <b>Equity</b>  |                                 |                                 |                                   |
| Share capital (Notes 2 and 22)   | 996,391,254                     | 996,391,254                     | 996,391,254                       |
| Retained earnings (Notes 2, 7 and 22)  | 510,396,337                     | 491,355,037                     | 498,504,554                       |
| Other equity reserves (Notes 2, 7 and 22)  | (36,966,550)                    | (33,253,644)                    | (36,440,879)                      |
| <b>Total Equity</b>  | <b>1,469,821,041</b>            | <b>1,454,492,647</b>            | <b>1,458,454,929</b>              |
|  | <b>P1,497,646,761</b>           | <b>P1,485,096,722</b>           | <b>P1,519,739,122</b>             |

See accompanying Notes to Financial Statements.

**PHILCOMSAT HOLDINGS CORPORATION**  
*(A Subsidiary of Philippine Communications Satellite Corporation)*  
**AND SUBSIDIARIES**

**INTERIM CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE QUARTERS ENDED AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*

|  | From April 1<br>to June 30,<br>2024<br>(Unaudited) | From April 1<br>to June 30,<br>2023<br>(Unaudited) | From January 1<br>to June 30,<br>2024<br>(Unaudited) | From January 1<br>to June 30,<br>2023<br>(Unaudited) |
|--|--|--|--|--|
| <b>REVENUE (Notes 2 and 14)</b>                              | <b>P12,900,223</b>                                 | <b>P9,105,894</b>                                  | <b>P25,905,742</b>                                   | <b>P25,493,060</b>                                   |
| <b>COSTS AND EXPENSES</b><br>(Notes 2 and 15)                | <b>(7,704,951)</b>                                 | <b>(7,786,882)</b>                                 | <b>(15,613,508)</b>                                  | <b>(15,587,153)</b>                                  |
| <b>OTHER INCOME (CHARGES)</b><br>– net (Notes 2, 7 and 16)   | <b>1,564,301</b>                                   | <b>(1,243,673)</b>                                 | <b>1,927,111</b>                                     | <b>(2,058,541)</b>                                   |
| <b>FINANCE COSTS (Notes 2 and 13)</b>                        | <b>(22,953)</b>                                    | <b>(47,638)</b>                                    | <b>(52,776)</b>                                      | <b>(63,441)</b>                                      |
| <b>INCOME BEFORE INCOME TAX</b>                              | <b>6,736,620</b>                                   | <b>27,701</b>                                      | <b>12,166,569</b>                                    | <b>7,783,925</b>                                     |
| <b>PROVISION FOR INCOME TAX</b><br>(Notes 2, 3 and 17)       |  |  |  |  |
| Current  | <b>120,114</b>                                     | <b>50,465</b>                                      | <b>385,820</b>                                       | <b>344,811</b>                                       |
| Deferred   | <b>484,225</b>                                     | <b>(16,148)</b>                                    | <b>585,559</b>                                       | <b>(1,561,981)</b>                                   |
|  | <b>604,339</b>                                     | <b>34,317</b>                                      | <b>971,379</b>                                       | <b>(1,217,170)</b>                                   |
| <b>NET INCOME</b>  | <b>P6,132,281</b>                                  | <b>(P6,616)</b>                                    | <b>P11,195,190</b>                                   | <b>P9,001,095</b>                                    |
| <b>BASIC/DILUTED EARNINGS<br/>PER SHARE (Notes 2 and 19)</b> | <b>P0.0062</b>                                     | <b>P0.0000</b>                                     | <b>P0.0112</b>                                       | <b>P0.0090</b>                                       |

*See accompanying Notes to Financial Statements.*

**PHILCOMSAT HOLDINGS CORPORATION**  
*(A Subsidiary of Philippine Communications Satellite Corporation)*  
**AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE QUARTERS ENDED AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*

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|   | From April 1<br>to June 30,<br>2024<br>(Unaudited) | From April 1<br>to June 30,<br>2023<br>(Unaudited) | From January 1<br>to June 30,<br>2024<br>(Unaudited) | From January 1<br>to June 30,<br>2023<br>(Unaudited) |
|---|--|--|--|--|
| <b>NET INCOME</b>   | <b>P6,132,281</b>                                  | (P6,616)   | <b>P11,195,190</b>                                   | P9,001,095   |
| <b>OTHER COMPREHENSIVE</b>  |  |  |  |  |
| <b>INCOME (LOSS) (Notes 2 and 7)</b>                                |  |  |  |  |
| <i>Items that may be reclassified<br/>    to profit or loss</i>     |  |  |  |  |
| Unrealized gain (loss) on debt<br>instruments at FVOCI              | 2,415,031  | 1,286,790  | (2,578,610)  | 4,883,952  |
| <i>Items that may not be reclassified<br/>    to profit or loss</i> |  |  |  |  |
| Unrealized gain on equity<br>instruments at FVOCI                   | (8,736,341)  | (8,717,578)  | 2,709,438  | (8,123,328)  |
| <b>TOTAL COMPREHENSIVE<br/>INCOME</b>                               | <b>(P189,029)</b>                                  | (P7,437,404)                                       | <b>P11,326,018</b>                                   | P5,761,719   |

*See accompanying Notes to Financial Statements.*

**PHILCOMSAT HOLDINGS CORPORATION**  
*(A Subsidiary of Philippine Communications Satellite Corporation)*  
**AND SUBSIDIARIES**

**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
FOR THE QUARTERS ENDED AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023  
*(Amounts in Philippine Pesos)*

|  | From January 1<br>to June 30,<br>2024<br>(Unaudited) | From January 1<br>to June 30,<br>2023<br>(Unaudited) |
|--|--|--|
| <b>SHARE CAPITAL – P1 par value (Notes 2 and 22)</b>   |  |  |
| Authorized – 1,000,000,000 shares  |  |  |
| Issued – 996,391,254 shares  | P996,391,254   | P996,391,254   |
| <b>RETAINED EARNINGS (Notes 2, 7 and 22)</b>   |  |  |
| Balance at beginning of period   | 498,504,554  | 481,982,037  |
| Net income   | 11,195,190   | 9,001,095  |
| Reclassification of cumulative fair value changes of equity instruments measured at FVOCI sold from other comprehensive income | 696,593  | 371,905  |
| Balance at end of period   | <b>510,396,337</b>                                   | <b>491,355,037</b>                                   |
| <b>OTHER EQUITY RESERVES (Notes 2, 7 and 22)</b>   |  |  |
| Balance at beginning of period   | (36,440,879)   | (31,293,658)   |
| Unrealized gain for the period   | 130,828  | (3,239,376)  |
| Reclassification of cumulative fair value changes of debt instruments measured at FVOCI sold to profit or loss                 | 40,094   | 1,651,295  |
| Reclassification of cumulative fair value changes of equity instruments measured at FVOCI sold to retained earnings            | (696,593)  | (371,905)  |
| Balance at end of period   | <b>(36,966,550)</b>                                  | <b>(33,253,644)</b>                                  |
| <b>TOTAL EQUITY</b>  | <b>P1,469,821,041</b>                                | <b>P1,454,492,647</b>                                |

*See accompanying Notes to Financial Statements.*

**PHILCOMSAT HOLDINGS CORPORATION**  
*(A Subsidiary of Philippine Communications Satellite Corporation)*  
**AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE QUARTERS ENDED AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023**  
*(Amounts in Philippine Pesos)*

|   | From January 1<br>to June 30,<br>2024<br>(Unaudited) | From January 1<br>to June 30,<br>2023<br>(Unaudited) |
|---|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                     |  |  |
| Income before income tax  | <b>P12,166,569</b>                                   | P7,783,925   |
| Adjustments for:  |  |  |
| Depreciation (Notes 9 and 13)   | 915,413  | 913,708  |
| Finance costs (Note 13)   | 52,776   | 63,441   |
| Realized loss on sale of debt instruments<br>measured at FVOCI (Notes 7 and 16) | 40,094   | 1,651,295  |
| Provision for doubtful accounts (Notes 5 and 14)                                | 341,205  | —  |
| Accounts written-off (Note 5)   | (833,557)  | —  |
| Unrealized foreign exchange loss (gain) (Note 16)                               | (1,967,205)  | 407,246  |
| Operating income before changes in assets and liabilities                       | 10,715,295   | 10,819,615   |
| Decrease (increase) in:   |  |  |
| Receivables (Note 5)  | (18,761,843)   | 15,378,497   |
| Due from related parties (Note 18)  | 1,132,367  | —  |
| Other current assets  | (185,227)  | (209,079)  |
| Assets held for sale (Note 6)   | 1,286,496  | —  |
| Other non current assets (Note 10)  | 2,730,782  | (167,414)  |
| Decrease in:  |  |  |
| Trade and statutory payables (Note 12)  | (4,938,175)  | (938,131)  |
| Due to related party (Note 18)  | (28,054,642)   | —  |
| Net cash provided by (used in) operations                                       | (36,074,947)   | 24,883,488   |
| Acquisition of financial assets at FVOCI (Note 7)                               | (86,826,082)   | (155,161,947)  |
| Proceeds from redemption and maturity of financial assets<br>at FVOCI (Note 7)  | 112,143,458  | 152,703,968  |
| Income tax paid   | (2,666,290)  | (427,197)  |
| Net cash provided by (used in) operating activities                             | (13,423,861)   | 21,998,312   |
| <b>CASH FLOW FROM INVESTING ACTIVITY</b>  |  |  |
| Additions to investment properties (Note 8)                                     | (5,611,249)  | —  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                     |  |  |
| Dividends paid  | —  | (3,742,870)  |
| Payments of:  |  |  |
| Lease liabilities (Note 13)   | (919,016)  | (862,076)  |
| Interest on lease liabilities (Note 13)   | (52,776)   | (63,441)   |
| Cash used in financing activities   | (971,792)  | (4,668,387)  |
| <i>Forward</i>  |  |  |

|   | From January 1<br>to June 30,<br>2024<br>(Unaudited) | From January 1<br>to June 30,<br>2023<br>(Unaudited) |
|---|--|--|
| <b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>          | <b>1,967,205</b>                                     | <b>(407,246)</b>                                     |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS                          | (18,039,697)   | 16,922,679   |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>                       | <b>119,750,672</b>                                   | <b>77,346,117</b>                                    |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>                             | <b>P101,710,975</b>                                  | <b>P94,268,796</b>                                   |
| <hr/>   |  |  |
| <b>NONCASH FINANCIAL INFORMATION</b>  |  |  |
| Initial recognition of ROU assets relating to lease of office space (Note 13) | P-   | (P2,831,920)   |
| Initial recognition of lease liabilities (Note 13)                            | —  | 2,831,920  |
|   | P-   | P—   |
| <hr/>   |  |  |

*See accompanying Notes to Financial Statements.*

**PHILCOMSAT HOLDINGS CORPORATION**  
(A Subsidiary of Philippine Communications Satellite Corporation)  
**AND SUBSIDIARIES**

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

AS AT JUNE 30, 2024 AND 2023 AND DECEMBER 31, 2023

AND FOR THE QUARTERS ENDED AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023

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**1. General Information**

**Corporate Information**

Philcomsat Holdings Corporation (formerly Liberty Mines, Inc.) [the Parent Company] was incorporated and registered with the Securities and Exchange Commission (SEC) on May 10, 1956 with the primary purpose of embarking in the discovery, exploration, development and exploitation of mineral oils, petroleum in its natural state, rock or carbon oils and other volatile mineral substance and with the secondary purpose of engaging in the business of mining in general. The Parent Company ceased oil and mining operations in 1992.

On July 23, 1997, the SEC approved the amended Articles of Incorporation of the Parent Company consisting of: a) change in its primary purpose from an exploration and mining company to a holding company and revision of its secondary purpose clauses; and b) change of the corporate name from Liberty Mines, Inc. to Philcomsat Holdings Corporation.

The Parent Company started operations as a holding company on January 1, 2000. The Parent Company derives income from money market placements, bank deposits, financial assets at FVOCI and other investments.

On May 9, 2006, the SEC approved the extension of the Parent Company's corporate life for another fifty (50) years.

On May 23, 2016, the Parent Company's Board of Directors (BOD) confirmed and ratified its previous resolution increasing the authorized capital stock of the Parent Company from P1.0 billion, divided into 1,000,000,000 shares with par value of P1 per share, to P3.0 billion, divided into 3,000,000,000 shares with par value of P1 per share. As at report date, the resolution is awaiting ratification by the stockholders and pending application with SEC.

The Parent Company is 79.94% owned by Philippine Communications Satellite Corporation (Philcomsat), a company incorporated in the Philippines. The ultimate parent company is Philippine Overseas Telecommunications Corporation (POTC), a company also incorporated in the Philippines. Philcomsat and POTC are both engaged in the telecommunications business.

The Parent Company and all of its subsidiaries (collectively referred to as "the Group") were incorporated in the Philippines. The following are the subsidiaries and the respective percentages of ownership as at March 31, 2024 and 2023 and December 31, 2023:

|   | Percentage of Ownership |          |                   |          |
|---|-------------------------|----------|-------------------|----------|
|   | June 30, 2024           |          | December 31, 2023 |          |
|   | Direct                  | Indirect | Direct            | Indirect |
| Philcomsat Management Enterprises Inc. (PMEI) | 100.00                  | —        | 100.00            | —        |
| Professional Stock Transfer Inc. (PSTI)*      | —                       | 100.00   | —                 | 100.00   |

\*Parent Company's ownership in PSTI is indirect through PMEI.

The principal activities of the subsidiaries are as follows:

| Name of Subsidiaries | Principal Activities  |
|----------------------|-----------------------|
| PMEI                 | Management services   |
| PSTI                 | Stock transfer agency |

The registered address of the Parent Company is at 12th Floor, Telecoms Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City.

**Listing of Shares in Philippine Stock Exchange (PSE)**

The Parent Company's original 60 million shares are listed and used to be traded in the PSE.

On May 3, 2007, the PSE suspended the trading of the Parent Company's shares due to pending compliance with certain structured reportorial requirements. On December 3, 2008, the SEC ordered the suspension of the Parent Company's registration of securities from the date of the receipt of the Order until the Parent Company is able to submit the reportorial requirements and fully pay the corresponding penalties.

On April 1, 2014, the Parent Company, through its legal counsel, submitted to the SEC a letter request for the lifting of the order of suspension and for a compromise payment of the penalties. The SEC, on December 29, 2015, lifted the order of suspension and directed the Parent Company to file an updated Registration Statement.

As at the date of report, the Parent Company is still in the process of preparing the updated Registration Statement.

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## **2. Summary of Material Accounting Policies and Disclosures**

**Basis of Preparation**

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee.

**Measurement Bases**

The consolidated financial statements are presented in Philippine Peso (Peso) which is the Group's functional and presentation currency. All values are rounded to the nearest Peso, except as otherwise indicated.

The consolidated financial statements of the Group have been prepared on the historical cost basis, except for financial assets measured at FVPL and financial assets measured at FVOCI. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability.

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 transaction date.

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 prices (unadjusted) 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; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values of financial assets at FVPL, financial assets at FVOCI, investment property and financial assets and liabilities are disclosed in Notes 7, 8, 10 and 21, respectively.

#### Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended PFRS which the Group adopted effective for annual periods beginning on or after January 1, 2024:

- Amendments to PAS 1, "*Presentation of Financial Statements – Noncurrent Liabilities with Covenants*"

The amendments clarify how conditions with which an entity must comply within twelve months after the reporting date affect the classification of a liability. The amendments modify the requirements introduced by PAS 1, *Presentation of Financial Statements – Classification of Liabilities as Current or Noncurrent*, on how an entity classifies debt and other financial liabilities as current or noncurrent in particular circumstances. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or noncurrent. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that noncurrent liabilities with covenants could become repayable within twelve months.

The adoption of this amendment is not expected to have any significant impact on the consolidated financial statements.

- Amendments to PAS 16, "*Leases – Lease Liability in a Sale and Leaseback*"

The amendments specify how a seller-lessee should apply the subsequent measurement requirements in PFRS 16 to the lease liability that arises in the sale and leaseback transaction. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss relating to the partial or full termination of a lease. The amendments also do not prescribe specific measurement requirements for lease liabilities arising from a leaseback.

The adoption of this amendment is not expected to have any significant impact on the consolidated financial statements.

- Amendments to PAS 7 and PFRS 7, "*Supplier Finance Arrangements*"

The amendments are intended to enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk.

The amendments require an entity to disclose the following for its supplier finance arrangements:

- the terms and conditions of the arrangements;
- the carrying amounts and associated line items of financial liabilities in the statement of financial position that are part of a supplier finance arrangement, with breakup of the amounts for which the suppliers have already received payment from the finance providers;
- ranges of payment due dates; and
- liquidity risk information.

The amendments also include explanation of characteristics of a supplier finance arrangements and provide transitional relief, mainly for disclosure of comparative information.

The Group will adopt this amendment and effect any disclosure requirements on the consolidated financial statements.

**New Accounting Standards, Amendments to Existing Standards and Interpretations**

**Effective Subsequent to June 30, 2024**

The standards, amendments and interpretations which have been issued but not yet effective as at June 30, 2024 are disclosed below. Except as otherwise indicated, the Group does not expect the adoption of the applicable new and amended PFRS to have a significant impact on the financial position or performance.

***Effective beginning on or after January 1, 2025\****

- PFRS 17, "*Insurance Contracts*"\*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, "*Insurance Contracts*". This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adoption for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

- Amendments to PFRS 17, "*Insurance Contracts*"\*

The amendments, which respond to feedback from stakeholders, are designed to:

- Reduce costs by simplifying some requirements in the Standard;
- Make financial performance easier to explain; and
- Ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying PFRS 17 for the first time.

The amendments are not applicable to the Group since it does not have activities that are predominantly connected with insurance or issue insurance contracts.

- Amendment to PFRS 17, "*Initial Application of PFRS 17 and PFRS 9 – Comparative Information*"

The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

The adoption of this amendment is not expected to have any significant impact on the consolidated financial statements.

\*On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of IFRS 17 by two (2) years after its effective date as decided by the IASB.

- Amendments to PAS 21, "*Lack of Exchangeability*"

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

When applying the amendments, an entity cannot restate comparative information.

#### *Deferred Effectivity*

- Amendments to PFRS 10 and PAS 28, "*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*"

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

On January 13, 2016, the FRSC deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

These amendments may apply to future transactions of the Group.

- Deferment of Implementation of International Financial Reporting Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, "Borrowing Cost") for the Real Estate Industry

In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35 (c) of PFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under PAS 23 considering that these inventories are ready for their intended sale in their current condition.

On February 21, 2020, the Philippine SEC issued MC No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Effective January 2021, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC agenda decision.

The adoption of this amendment is not expected to have any significant impact on the consolidated financial statements since the Group is not in a real estate industry.

#### ***No Mandatory Effective Date***

- PFRS 9, "Financial Instruments (Hedge Accounting and Amendments to PFRS 9, PFRS 7 and PAS 39)"

The amendments require the inclusion of general hedge accounting model in the notes disclosure to the financial statements. The amendments allow early adoption of the requirement to present fair value changes due to own credit on liabilities designated as at fair value through profit or loss (FVPL) to be presented in the other comprehensive income.

These amendments are not applicable to the Group and expected not to have an impact on the consolidated financial statements.

#### **Basis of Consolidation**

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries. Subsidiaries are entities controlled by the Parent Company. In assessing control, the Parent Company considers if it is exposed, or has right, to variable returns from its investment with the subsidiary and if it has the ability to affect those returns.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continue to be consolidated until the date such control ceases. The results of operations of the subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.

Changes in the controlling equity ownership (i.e., acquisition of non-controlling interest or partial disposal of interest over a subsidiary) that do not result in a loss of control are accounted for as equity transactions.

All intragroup balances, transactions, income and expenses and unrealized gains and losses are eliminated in full.

Noncontrolling interests pertain to the portion of profit or loss and the net assets in subsidiaries not held by the Parent Company and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position. Noncontrolling interests represent the interests of minority shareholders.

The financial statements of subsidiaries are prepared for the same accounting policies as that of the Parent Company.

The financial statements of the Parent Company and PMEI are prepared for the same reporting year.

PSTI and the Parent Company do not have the same reporting periods. PSTI prepares its financial statements as at and for the fiscal year ending June 30 which is different from the Parent Company's reporting period as at and for the calendar year ending December 31. For purposes of consolidation, PSTI prepares financial statements (unaudited) as at and for the year ended December 31.

#### *Current versus Noncurrent Classification*

The Group presents assets and liabilities in the consolidated statements of financial position based on current or noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

Deferred income tax assets are classified as noncurrent assets.

#### *Financial Assets and Liabilities*

##### *Date of Recognition*

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

##### *Initial Recognition and Measurement*

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at FVPL includes transaction cost.

#### *"Day 1" Difference*

Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

#### *Classification*

The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at FVOCI. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's business model and its contractual cash flow characteristics.

#### *Financial Assets at FVPL*

Financial assets at FVPL are either classified as held for trading or designated at FVPL. A financial instrument is classified as held for trading if it meets either of the following conditions:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

This category includes equity instruments which the Group had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not "solely for payment of principal and interest" assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Group may, at initial recognition, designate a financial asset meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets.

After initial recognition, financial assets at FVPL are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL are recognized in profit or loss.

As at June 30, 2024 and 2023, and December 31, 2023, the Group's marketable securities are classified under this category.

#### *Financial Assets at Amortized Cost*

Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset 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.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at June 30, 2024 and 2023, and December 31, 2023, the Group's cash and cash equivalents, receivables (excluding advances subject to liquidation) and due from related parties are classified under this category (see Notes 4, 5 and 18).

*Financial Assets at FVOCI*

For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; 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.

For equity instruments, the Group may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment gains or losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the consolidated statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As at June 30, 2024 and 2023, and December 31, 2023, the Group designated its investments in quoted bonds, quoted and unquoted shares of stocks, UITF and club membership as financial assets at FVOCI (see Note 7).

*Financial Liabilities at FVPL*

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the consolidated statements of comprehensive income.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability at FVPL.

The Group does not have financial liabilities at FVPL as at June 30, 2024 and 2023, and December 31, 2023.

*Financial Liabilities at Amortized Cost*

Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

As at June 30, 2024 and 2023, and December 31, 2023, the Group's trade and other payables, customers' deposits, due to a related party and lease liabilities are classified under this category (see Notes 12, 13 and 18).

*Reclassification*

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

#### *Impairment of Financial Assets at Amortized Cost and FVOCI*

The Group records an allowance for ECL which is 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. The difference is then discounted at an approximation to the asset's original effective interest rate.

For debt instruments and other financial assets at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

#### *Derecognition of Financial Assets and Financial Liabilities*

##### *Financial Assets*

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

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

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial 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, cancelled or has expired. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the consolidated statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

*Offsetting of Financial Assets and Liabilities*

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

*Classification of Financial Instrument between Liability and Equity*

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Advances Subject to Liquidation

Advances subject to liquidation pertain to cash advances to employees used for the Group's operations that are subject to liquidation. These are initially measured at cost less impairment in value, if any.

Assets Held for Sale

Noncurrent assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather continuing use and a sale is highly probable. They are measured at the lower of their carrying amount and fair values less costs to sell.

An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the noncurrent assets is recognized at the date of derecognition.

Noncurrent assets are not depreciated or amortized while they are classified as held for sale.

Investment Property

Investment property is defined as a property, such as land or building, held for capital appreciation. This property is not held to be used in production or sale in the ordinary course of business.

Investment property is initially measured at acquisition cost. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured, in which case, the investment property acquired is measured at the carrying amount of asset given up.

Subsequent to initial recognition, depreciable investment properties are carried at cost less accumulated depreciation and any impairment in value. Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged against current operations in the period in which the costs are incurred.

Land is not depreciated.

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

#### Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. Cost also includes any asset retirement obligation and interest on borrowed funds used. When property and equipment are sold or retired, their costs and accumulated depreciation and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in the profit or loss of such period.

The estimated useful lives of property and equipment are as follows:

|                          | Number of Years |
|--------------------------|-----------------|
| Office equipment         | 3               |
| Transportation equipment | 3-5             |
| Furniture and fixtures   | 3               |
| Office improvement       | 3-5             |

The useful lives of each of the property and equipment are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice and experience with similar assets. The property and equipment's useful lives and depreciation and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged to current operations.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the year the item is derecognized.

**Other Noncurrent Assets**

Other noncurrent assets consist of:

*Creditable Withholding Tax*

Creditable withholding tax is an amount that is withheld from income payments. This is deducted from income tax payable.

*Input Value-added Tax (VAT)*

Input VAT represents tax imposed on the Group by its suppliers for the acquisition of goods and services required under the Philippine taxation laws and regulations. Input VAT is recognized as an asset and will be used to offset the Group's current VAT liability.

**Business Combinations and Goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree pertaining to instruments that represent present ownership interests and entitle the holders to a proportionate share of the net assets in the event of liquidation either at fair value or at the proportionate share of the net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interest are measured at fair value unless another management basis is required by PFRS. Acquisition-related costs incurred are expensed and included in costs and expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date, including the separation of embedded derivatives in host contracts by the acquiree, if any.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in PAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured until it is finally settled and accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest, and any previous interest held, over the net fair value of the identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU and part of the operation within CGU units is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operations when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the CGU retained.

If necessary information, such as fair value of assets and liabilities acquired, is not available by the end of the reporting period in which the business combination occurs, provisional amounts are used for a period not exceeding one year from the date of acquisition or measurement period. During this period, provisional amounts recognized for a business combination may be retrospectively adjusted if relevant information has been obtained or becomes available.

#### Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that its advances subject to liquidation, other current assets (excluding financial assets at FVPL), investment properties and property and equipment may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Any impairment loss is recognized in the profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such reversal, the depreciation charge are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU, to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Deposit for Future Subscription

Deposit for future stock subscription represents the amount received by the Company which it records as such with a view of applying the same as payment for additional issuance of shares or increase in capital stock.

This is presented as part of liability because the Company is yet to comply with the conditions prescribed by the SEC.

Equity

*Share Capital*

Share capital is measured at par value for all shares issued.

*Retained Earnings*

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declaration.

*Other Equity Reserves*

Other equity reserves comprise items of income and expense that are not recognized in profit or loss in accordance with PFRS. Other equity reserves of the Group pertains to cumulative unrealized gains on financial assets at FVOCI.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as a principal in all of its revenue sources.

The following specific recognition criteria must also be met before revenue is recognized:

*Interest Income*

Interest income is recognized as the interest accrues, taking into account the effective yield of the asset.

*Dividend Income*

Dividend income is recognized when the Company's right to receive the dividend is established.

*Service Fees*

Performance obligation is satisfied over time with reference to the stage of completion at the reporting date measured principally on the basis of the estimated physical completion of the contract work. Billings and collections are made in relation to the specific provisions on the contract as agreed by the parties.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

*Retainer Fee and Transfer Fee*

Revenue is recognized under the accrual basis in accordance with the terms of the related agreements.

*Gain on Sale of Financial and Nonfinancial Assets*

Gain on sale of financial assets at FVOCI and nonfinancial assets are computed as the difference between the proceeds and its carrying amount.

Costs and Expense Recognition

Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of liability has arisen and can be measured reliably. Costs and expenses are recognized in the profit or loss in the period these are incurred.

*Cost of Services*

Cost of services are recognized as expense when the related service is performed.

*General and Administrative Expenses*

General and administrative expenses are incurred in the direction and general administration of day-to-day operation of the Group and are generally recognized when the service is used or the expense is incurred.

Employee Benefits

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Leases

The Group assesses whether the contracts are, or contain, a lease. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

- i. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- ii. the right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Group also assesses whether a contract contains a lease for each potential separate lease component.

*The Group as a Lessee*

At the commencement date, the Group recognizes ROU asset and lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

#### *ROU Asset*

At commencement date of the lease contract, the Group measures ROU asset at cost. The initial measurement of ROU asset includes the following:

- the amount of the initial measurement of lease liabilities;
- lease payments made at or before the commencement date less any lease incentives received;
- initial direct costs; and
- an estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU asset is carried at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the related lease liability. The ROU asset is amortized over the lease term.

#### *Lease Liability*

At commencement date, the Group measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

#### Foreign Currency Transactions

Transactions in foreign currencies are initially recorded using the functional currency exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are restated using the closing functional currency exchange rate at the financial reporting date. Foreign exchange gains and losses arising from foreign currency transactions and restatement of balances are recognized in profit or loss.

#### Related Party Relationships and Transactions

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. This includes: (1) individual owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Parent Company; (2) associates; and (3) individuals owning, directly or indirectly, an interest in the voting power of the Parent Company that gives them significant influence over the Parent Company and close members of the family of any such individual.

Transactions amounting to 10% or more of the total assets based on the latest audited consolidated financial statements that were entered into with related parties are considered material under SEC Memorandum Circular No. 10, Series of 2019, "Rules on Material Related Party Transactions for Publicly-listed Companies".

All individual material related party transactions shall be approved by the BOD. For aggregate related party transactions within a 12-month period that breaches the materiality threshold, the same board approval would be required for the transaction(s) that meets and exceeds the materiality threshold covering the same related party.

Directors and officers with personal interest in the transaction should abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purpose of assessing the quorum and their votes shall not be counted for purposes of determining approval.

The key management personnel of the Group and post-employment benefit plan for the benefit of Group's employees, if any, are also considered to be related parties.

Transactions between related parties are on an arm's length basis in a manner similar to transactions with non-related parties.

#### Income Taxes

##### *Current Tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date.

##### *Deferred Tax*

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward benefits of minimum corporate income tax (MCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused NOLCO and carry-forward benefits of MCIT can be utilized except:

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax law) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### *Earnings Per Share*

Basic earnings per share is computed by dividing net income over the weighted average number of issued and outstanding common shares during the year.

Diluted earnings per share is computed as if the potential common share or instrument that may entitle the holder to common share were exercised as of the beginning of the year.

#### Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as an asset in the consolidated statements of financial position but only when the receipt of the reimbursement is virtually certain.

#### Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

#### Events After the End of the Reporting Period

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

#### Segment Information

The Group is engaged in investing of funds in various financial assets, service agreements with the government and stock transfer agency. The Group has aggregated these revenue-generating activities into a single operating segment as these segments are both passive in nature and have the same economic characteristics. The Group's revenue-generating assets are located in the Philippines.

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

The preparation of the Group's consolidated financial statements requires management to make judgments, accounting estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the reporting date. However, uncertainty about the estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### Judgments

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

#### *Establishing Control Over Investment in Subsidiaries*

The Group determines that it has control over its subsidiary by considering, among others, its power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. The following are also considered:

- Rights arising from other contractual agreements; and
- The Group's voting rights and potential voting rights.

#### *Classifying Financial Instruments*

The Group exercises judgment in classifying financial instruments in accordance with PFRS 9. The Group classifies a financial instrument, or its components, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the Company's business model and its contractual cash flow characteristics and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the Group's consolidated statements of financial position.

Classification of financial instruments is disclosed in Note 2 to the consolidated financial statements.

*Distinguishing Investment Properties and Owner-occupied Properties*

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property is held primarily to earn rentals or capital appreciation or both or used for operations and administrative purposes of the Group.

Carrying amount of investment property amounting to P343.5 million, P2.2 million and P337.9 million as at June 30, 2024 and 2023, and December 31, 2023, respectively (see Note 8).

*Determining Classification of Lease Arrangements and Appropriate Lease Term and Discount Rates*

The Group has entered into lease agreements as a lessor.

Critical judgment was exercised by the Group to distinguish such lease agreement as an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements.

Lease liabilities and ROU assets were recognized. Payments of lease liabilities are allocated over the principal liability and finance costs. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of liability for each year. The ROU assets are depreciated over the lease term on a straight-line basis.

The lease of office space is renewable upon mutual agreement by both parties to be covered by a separate and new lease agreement. Accordingly, the renewal option was not considered in the lease term for purposes of the adoption of PFRS 16.

Significant management judgment was likewise exercised by the Group in determining the discount rate, whether implicit rate, if readily available or incremental rate, to be used in calculating the present value of ROUs asset and lease liabilities.

Reassessments are made on a continuing basis whether changes should be reflected on the amount of lease liability due to circumstances affecting lease payments and discount rates.

*Determining Operating Segments*

Although each revenue-generating activity represents a separate operating segment, management has concluded that there is basis for aggregation into a single operating segment as allowed under PFRS 8, "Operating Segments", due to their similar passive nature and economic characteristics.

*Assessing Provisions and Contingencies*

The Group evaluates legal and administrative proceedings to which it is involved based on analysis of potential results. Management and its legal counsels do not believe that any current proceedings will have material adverse effects on its financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in estimates or in the effectiveness of strategies relating to these proceedings.

*Estimates and Assumptions*

The key estimates and assumptions concerning the future and other key sources of estimation of uncertainty at reporting date that may have significant risks of causing material adjustments to the carrying amounts of assets and liabilities within the next reporting year are discussed below.

*Assessing ECL on Debt Instruments*

The Group determines the ECL based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on the financial instrument that are possible within 12 months after reporting date. When there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL.

The Group assessed that the credit risk on debt instruments has not increased significantly since initial recognition as these financial assets are determined to have low credit risk and are entered into with reputable banks, financial institutions and other counterparties.

No ECL on these debt instruments was recognized for the quarters ended and six months ended June 30, 2024 and 2023. The carrying amounts of financial assets at amortized cost and FVOCI are

|  | June 30,<br>2024<br>(Unaudited) | June 30,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|--|---------------------------------|---------------------------------|-----------------------------------|
| Cash and cash equivalents*                   | P101,704,341                    | P94,255,857                     | P119,739,572                      |
| Receivables                                  | 138,625,688                     | 158,673,835                     | 119,371,493                       |
| Due from related parties                     | 5,805,816                       | 264,773,650                     | 6,938,183                         |
| Investment in quoted bonds measured at FVOCI | 543,498,646                     | 591,236,058                     | 580,377,590                       |

\*excluding cash on hand amounting to P6,634 as at June 30, 2024, P12,939 as at June 30, 2023, and P11,100 as at December 31, 2023.

#### *Determining Fair Value of Financial Assets at FVPL and FVOCI*

The Group carries financial assets at FVOCI at fair value in the consolidated statements of financial position. Determining the fair value of financial assets at FVPL and FVOCI requires extensive use of accounting estimates and judgment. The Group determined the fair values of financial assets at FVPL and FVOCI using a combination of available market prices in active markets for identical assets (Level 1) and prices computed using significant observable inputs (Level 2). Any changes in the fair value of these financial assets and liabilities would affect other comprehensive income.

The fair value of financial assets at FVPL amounted to P131,104, P102,184 and P131,104 as at June 30 2024 and 2023, and December 31, 2023, respectively (see Note 21).

The fair value of financial assets at FVOCI amounted to P887.2 million, P949.8 million and P912.4 million as at June 30, 2024 and 2023, and December 31, 2023, respectively (see Notes 7 and 21).

#### *Estimating Useful Lives of Investment Property and Property and Equipment*

The Group estimates the useful lives of investment property and property and equipment based on the period over which they are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the investment property and property and equipment. In addition, the estimation of the useful lives of investment property and property and equipment is based on the collective assessment of industry practice, internal technical evaluation and experience similar assets.

The carrying amount of investment property amounted to P343.5 million, P2.2 million and P337.9 million as at June 30, 2024 and 2023, and December 31, 2023, respectively (see Note 8).

The carrying amount of property and equipment amounted to P37,142, P45,306 and P52,156 as at June 30, 2024 and 2023, and December 31, 2023 respectively (see Note 8).

#### *Estimating Impairment Losses on Nonfinancial Assets Other than Goodwill*

An impairment review is performed when certain impairment indicators are present. The Group determines whether an asset is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the asset is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

No impairment loss was recognized for the quarters ended and six months ended June 30, 2024 and 2023.

The carrying amounts of nonfinancial assets are as follows:

|                         | June 30,<br>2024<br>(Unaudited) | June 30,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|-------------------------|---------------------------------|---------------------------------|-----------------------------------|
| Investment property     | P343,475,799                    | P2,249,424                      | P337,864,550                      |
| Asset held for sale     | 7,713,214                       | —                               | —                                 |
| ROU asset               | 1,156,956                       | 2,187,512                       | 2,057,355                         |
| Property and equipment  | 37,142                          | 45,306                          | 52,156                            |
| Other current assets    | 506,245                         | 600,998                         | 321,018                           |
| Other noncurrent assets | 11,307,054                      | 7,340,855                       | 11,757,366                        |

*Estimating Impairment Losses on Goodwill*

The Group tests annually whether any impairment in goodwill is to be recognized, in accordance with related accounting policy in Note 2. The recoverable amounts of CGUs have been determined based on the higher of fair value less costs to sell and value in use calculations which require the use of estimates. Based on the impairment testing conducted, the recoverable amounts of the CGUs as at June 30, 2024 and 2023, and December 31, 2023, calculated based on value in use are greater than the corresponding carrying amounts (including goodwill) of the CGUs. The carrying amount of goodwill amounted to P1.3 million as at June 30, 2024 and 2023, and December 31, 2023. No impairment loss was recognized for the quarters ended and six months ended June 30, 2024 and 2023 (see Note 11).

*Assessing Recoverability of Deferred Tax Assets*

The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the following reporting periods. This forecast is based on the Group's past results and future expectations on revenue and expenses.

The Company did not recognize a portion of its deferred tax assets amounting to P2.5 million, P0.9 million and P3.6 million as at June 30, 2024 and 2023 and December 31, 2023, respectively, because the management has assessed that these may not be realized because future taxable income may not be sufficient against which the deferred tax assets can be utilized (see Note 17).

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#### 4. Cash and Cash Equivalents

This account consists of:

|                  | June 30,<br>2024<br>(Unaudited) | June 30,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|------------------|---------------------------------|---------------------------------|-----------------------------------|
| Cash on hand     | P6,634                          | P12,939                         | P11,100                           |
| Cash in banks    | 49,371,216                      | 35,500,630                      | 43,659,101                        |
| Cash equivalents | 52,333,125                      | 58,755,227                      | 76,080,471                        |
|                  | <b>P101,710,975</b>             | <b>P94,268,796</b>              | <b>P119,750,672</b>               |

Cash in banks earn interest at prevailing bank deposit rates.

Cash equivalents pertain to special savings and time deposits, with terms of varying periods up to three (3) months depending on the immediate cash requirements of the Group, and earn interest at prevailing special savings and time deposit rates.

Interest income earned from cash in banks and cash equivalents amounted to P729,958 and P403,680 for the quarters ended June 30, 2024 and 2023, respectively, and P1,303,158 and P743,313 for the six months ended June 30, 2024 and 2023, respectively (see Note 14).

## 5. Receivables

This account consists of:

|   | June 30,<br>2024<br>(Unaudited) | June 30,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|---|---------------------------------|---------------------------------|-----------------------------------|
| <b>Notes and loans receivable</b>                         |                                 |                                 |                                   |
| Corporate notes (Note 18)                                 | <b>P74,124,767</b>              | P110,032,110                    | P77,124,767                       |
| Promissory notes issued by various financial institutions | <b>58,763,059</b>               | 26,007,583                      | 34,000,000                        |
| Interest receivable                                       | <b>6,262,089</b>                | 26,364,270                      | 8,502,898                         |
|   | <b>139,149,915</b>              | 162,403,963                     | 119,627,665                       |
| Retainer fee receivable                                   | <b>1,040,738</b>                | 1,240,395                       | 1,767,813                         |
| Less allowance for ECL                                    | <b>(1,564,965)</b>              | (28,397)                        | (2,057,317)                       |
| Retainer fee receivable – net                             | <b>(524,227)</b>                | 1,211,998                       | (289,504)                         |
| Dividend receivable                                       | <b>-</b>                        | 57,874                          | 33,332                            |
|   | <b>138,625,688</b>              | 163,673,835                     | 119,371,493                       |
| Less noncurrent portion                                   | <b>-</b>                        | (5,000,000)                     | -                                 |
| <b>Current portion of receivables</b>                     | <b>P138,625,688</b>             | P158,673,835                    | P119,371,493                      |

Movements in the allowance for ECL are summarized below:

|                                    | June 30,<br>2024<br>(Unaudited) | June 30,<br>2023<br>(Unaudited) | December 31,<br>2022<br>(Audited) |
|------------------------------------|---------------------------------|---------------------------------|-----------------------------------|
| Balance at beginning of the period | <b>P2,057,317</b>               | P28,397                         | P28,397                           |
| Additions                          | <b>341,205</b>                  | -                               | 2,028,920                         |
| Write-off                          | <b>(833,557)</b>                | -                               | -                                 |
| <b>Balance at end of period</b>    | <b>P1,564,965</b>               | P28,397                         | P2,057,317                        |

### Notes and Loans Receivable

#### *Corporate Notes*

Corporate notes outstanding as at June 30, 2024 and 2023, and December 31, 2023 pertain to short-term corporate promissory notes issued by various entities, with terms of thirty-five days up to one year and earn interest ranging from 5.5% to 11.0% per annum.

#### *Promissory Notes Issued by Financial Institutions*

Unsecured promissory notes are issued by various financial institutions with terms ranging from two to ten years and earn interest ranging from 4% to 7% per annum.

Interest income earned from corporate notes and promissory notes issued by various financial institutions amounted to P1.5 million and (P2.3) million for the quarters ended June 30, 2024 and 2023, respectively, and P2.6 million and P3.6 million for the six months ended June 30, 2024 and 2023, respectively (see Note 14).

**Retainer Fee Receivable**

This account consists of retainer fee receivables which are collectible on demand and are noninterest-bearing.

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**6. Assets Held for Sale**

In 2023, the Group obtained equipment and furniture valued at P10,150,450 as form of repayment of its notes receivable from one of its debtors. These assets were obtained with the intention to sell to its affiliate companies and is expected to be completed within the next 12 months. As such these were then classified as current assets held for sale in the statements of financial position. The assets were measured at the lower of carrying amount and fair value less cost to sell at the time of recognition and as a result, an impairment loss of P1,150,790 was recognized as at December 31, 2023.

The carrying amount of the assets held for sale is P7.7 million, nil and P9.0 million as at June 30, 2024 and 2023, and December 31, 2023, respectively.

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**7. Financial Assets at FVOCI**

This account consists of:

|                           | June 30,<br>2024<br>(Unaudited) | June 30,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|---------------------------|---------------------------------|---------------------------------|-----------------------------------|
| <b>Investments in:</b>    |                                 |                                 |                                   |
| Quoted bonds              | P543,498,646                    | P591,236,058                    | P580,377,590                      |
| Quoted shares of stocks   | 184,061,667                     | 213,775,175                     | 181,171,339                       |
| UITFs                     | 120,316,455                     | 105,520,658                     | 111,514,387                       |
| Unquoted shares of stocks | 30,000,000                      | 30,000,000                      | 30,000,000                        |
| Club memberships          | 9,300,000                       | 9,300,000                       | 9,300,000                         |
|                           | <b>P887,176,768</b>             | <b>P949,831,891</b>             | <b>P912,363,316</b>               |

Movements of financial assets at FVOCI and cumulative unrealized gain (loss) on financial assets at FVOCI are as follows:

|  | June 30,<br>2024<br>(Unaudited) | June 30,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|--|---------------------------------|---------------------------------|-----------------------------------|
| <b>Cost</b>  |                                 |                                 |                                   |
| Balance at beginning of period   | P948,804,196                    | P981,906,947                    | P981,906,946                      |
| Additions  | 86,826,082                      | 155,161,947                     | 280,073,815                       |
| Disposals  | (111,486,959)                   | (153,983,358)                   | (313,176,566)                     |
| Balance at end of period   | 924,143,319                     | 983,085,536                     | 948,804,196                       |
| <b>Cumulative Unrealized Gain (Loss)</b>   |                                 |                                 |                                   |
| Balance at beginning of period   | (36,440,880)                    | (31,293,659)                    | (31,293,659)                      |
| Unrealized fair value gain (loss) during the period  | 130,828                         | (3,239,376)                     | (9,056,416)                       |
| Reclassification of cumulative fair value changes of debt instruments measured at FVOCI sold to profit or loss (Note 15) | 40,094                          | 1,651,295                       | 2,540,681                         |
| Reclassification of cumulative fair value changes of equity instruments measured at FVOCI sold to retained earnings      | (696,593)                       | (371,905)                       | 1,368,514                         |
| Balance at end of period   | (36,966,551)                    | (33,253,645)                    | (36,440,880)                      |
| <b>Carrying amount</b>   | <b>P887,176,768</b>             | <b>P949,831,891</b>             | <b>P912,363,316</b>               |

Interest income earned from financial assets at FVOCI amounted to P6.0 million and P5.5 million for the quarters ended June 30, 2024 and 2023, respectively, and P12.6 million and P11.5 million for the six months ended June 30, 2024 and 2023, respectively (see Note 14).

Dividend income earned from financial assets at FVOCI amounted to P2.2 million and P3.4 million for the quarters ended June 30, 2024 and 2023, respectively, and P4.4 million and P5.5 million for the six months ended June 30, 2024 and 2023, respectively (see Note 14).

Realized gain (loss) on sale of debt instruments at FVOCI recognized directly to profit or loss amounted to P18,893 and (P1,760,111) for the quarters ended June 30, 2024 and 2023, respectively, and (P40,094) and (P1,651,295) for the six months ended June 30, 2024 and 2023, respectively.

Realized gain on sale of equity instruments at FVOCI recognized directly to retained earnings amounted to P696,593 and P371,905 for the six months ended June 30, 2024 and 2023, respectively.

The fair value of these financial assets are determined based on quoted market bid prices at the close of business as at reporting date since most of these are actively traded in an organized financial market. The fair value measurement of the financial assets at FVOCI is classified as Level 1 (Quoted bonds, shares of stock and club memberships) and level 2 (UITFs).

No ECL was recognized for investments in quoted bonds for the quarters ended June 30, 2024 and 2023.

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## 8. Investment Properties

On December 29, 2023, the Group obtained nine parcels of land through dacion en pago with a related party amounting to P335,615,126 and covering three hundred eighty-three thousand nine hundred ninety-nine (383,999) square meters located at Ibis, Bagac, Bataan. The land's title is currently being processed for transfer to the name of PHC. In 2024, the Company incurred additional costs of P4,067,924 related to the transfer of the property. The carrying amount of this investment property amounted to P341,226,375 and P335,615,126 as at June 30, 2024 and December 31, 2023, respectively.

As at June 30, 2024 and 2023, and December 31, 2023, the Group has certain parcels of land amounting to P2,249,424 and covering one thousand two hundred (1,200) square meters located at Pasinay Bagac, Bataan. On January 16, 2019, the land's title was transferred to the name of PMEI.

Level 2 fair values of investment properties have been derived using the market approach. In using the market approach, the value of the investment property is based on recorded sales and listing (or asking prices) of comparable property registered within the vicinity amounted to P383,999,000. Management developed these estimates on the basis of recorded sales and listing (or asking prices) of comparable properties registered within the vicinity of the respective land properties. The most significant input into this valuation approach is the zonal value price per square foot.

The investment property is not pledged as security for liabilities to related parties as at June 30, 2024 and 2023, and December 31, 2023.

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## 9. Property and Equipment

Movements in this account are as follows:

|                               | December 31,<br>2023<br>(Audited) | Additions | Disposals | June 30,<br>2024<br>(Unaudited) |
|-------------------------------|-----------------------------------|-----------|-----------|---------------------------------|
| Cost                          |                                   |           |           |                                 |
| Transportation equipment      | P5,011,638                        | P-        | P-        | P5,011,638                      |
| Furniture and fixtures        | 3,528,775                         | -         | -         | 3,528,775                       |
| Office equipment              | 1,299,674                         | -         | -         | 1,299,674                       |
| Office improvement            | 39,325                            | -         | -         | 39,325                          |
|                               | 9,879,412                         | -         | -         | 9,879,412                       |
| Less accumulated depreciation |                                   |           |           |                                 |
| Transportation equipment      | 5,011,638                         | -         | -         | 5,011,638                       |
| Furniture and fixtures        | 3,528,775                         | -         | -         | 3,528,775                       |
| Office equipment              | 1,247,518                         | 15,014    | -         | 1,262,532                       |
| Office improvement            | 39,325                            | -         | -         | 39,325                          |
|                               | 9,827,256                         | 15,014    | -         | 9,842,270                       |
|                               | P52,156                           |           |           | P37,142                         |

|                                      | December 31,<br>2022<br>(Audited) | Additions     | Disposals | June 30,<br>2023<br>(Unaudited) |
|--------------------------------------|-----------------------------------|---------------|-----------|---------------------------------|
| <b>Cost</b>                          |                                   |               |           |                                 |
| Transportation equipment             | P5,011,638                        | P-            | P-        | P5,011,638                      |
| Furniture and fixtures               | 3,528,775                         | -             | -         | 3,528,775                       |
| Office equipment                     | 1,277,810                         | -             | -         | 1,277,810                       |
| Office improvement                   | 39,325                            | -             | -         | 39,325                          |
|                                      | <b>9,857,548</b>                  | <b>-</b>      | <b>-</b>  | <b>9,857,548</b>                |
| <b>Less accumulated depreciation</b> |                                   |               |           |                                 |
| Transportation equipment             | 5,011,638                         | -             | -         | 5,011,638                       |
| Furniture and fixtures               | 3,528,775                         | -             | -         | 3,528,775                       |
| Office equipment                     | 1,217,490                         | 15,014        | -         | 1,232,504                       |
| Office improvement                   | 39,325                            | -             | -         | 39,325                          |
|                                      | <b>9,797,228</b>                  | <b>15,014</b> | <b>-</b>  | <b>9,812,242</b>                |
|                                      | <b>P60,320</b>                    |               |           | <b>P45,306</b>                  |

|                                      | December 31,<br>2022<br>(Audited) | Additions     | Disposals | December 31,<br>2023<br>(Audited) |
|--------------------------------------|-----------------------------------|---------------|-----------|-----------------------------------|
| <b>Cost</b>                          |                                   |               |           |                                   |
| Transportation equipment             | P5,011,638                        | P-            | P-        | P5,011,638                        |
| Furniture and fixtures               | 3,528,775                         | -             | -         | 3,528,775                         |
| Office equipment                     | 1,277,810                         | 21,864        | -         | 1,299,674                         |
| Office improvement                   | 39,325                            | --            | -         | 39,325                            |
|                                      | <b>9,857,548</b>                  | <b>21,864</b> | <b>-</b>  | <b>9,879,412</b>                  |
| <b>Less accumulated depreciation</b> |                                   |               |           |                                   |
| Transportation equipment             | 5,011,638                         | -             | -         | 5,011,638                         |
| Furniture and fixtures               | 3,528,775                         | -             | -         | 3,528,775                         |
| Office equipment                     | 1,217,490                         | 30,028        | -         | 1,247,518                         |
| Office improvement                   | 39,325                            | -             | -         | 39,325                            |
|                                      | <b>9,797,228</b>                  | <b>30,028</b> | <b>-</b>  | <b>9,827,256</b>                  |
|                                      | <b>P60,320</b>                    |               |           | <b>P52,156</b>                    |

Depreciation expense from property and equipment is allocated to general and administrative expenses.

Fully-depreciated property and equipment being used by the Company amounted to P9.8 million as at June 30, 2024 and 2023, and December 31, 2023.

#### 10. Other Noncurrent Assets

This account consists of:

|                            | June 30,<br>2024<br>(Unaudited) | June 30,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|----------------------------|---------------------------------|---------------------------------|-----------------------------------|
| Creditable withholding tax | P7,943,971                      | P3,147,033                      | P5,663,501                        |
| Input VAT                  | 2,043,654                       | 2,874,393                       | 4,774,436                         |
| Goodwill (Note 11)         | 1,319,429                       | 1,319,429                       | 1,319,429                         |
|                            | <b>P11,307,054</b>              | <b>P7,340,855</b>               | <b>P11,757,366</b>                |

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## 11. Business Combination and Goodwill

### Goodwill

Goodwill pertains to the acquisition of PSTI by PMEI amounting to P1.3 million.

Management assessed that the recoverable amount of PSTI, the CGU to which the goodwill is allocated, exceeds its carrying amount. In estimating the related value in use, management used a cash flow projection based on past performance of the acquiree covering a five-year period at a discount rate of 4.44%. Cash flows beyond that five-year period have been extrapolated using the Group's average historical growth rate.

No impairment on goodwill was recognized for the quarters ended and six months ended June 30, 2024 and 2023.

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## 12. Trade and Statutory Payables

This account consists of:

|                          | June 30,<br>2024<br>(Unaudited) | June 30,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|--------------------------|---------------------------------|---------------------------------|-----------------------------------|
| Trade and other payables | P994,629                        | P2,290,164                      | P3,624,129                        |
| Customer deposits        | —                               | 1,237,874                       | —                                 |
| Statutory payables       | 796,366                         | 725,347                         | 3,105,041                         |
|                          | <b>P1,790,995</b>               | <b>P4,253,385</b>               | <b>P6,729,170</b>                 |

Trade and other payables are noninterest-bearing and are normally settled on a 30-day credit term.

Customer deposits pertain to rental deposits received from lessee of condominium unit and parking slots sold in 2018. In 2023, the Group wrote-off customer deposits amounting to P1,237,874.

Statutory payables pertain to expanded withholding taxes and other payables to government agencies remitted in the subsequent month.

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## 13. Lease Commitments

### The Group As a Lessee

The Group has a lease agreement with Philcomsat for its office space for a term of two years subject to renewal under mutual agreement of both parties. In 2023, the lease contracts were renewed. The annual rent is subject to escalation fee of 5%.

The following are the amounts recognized in the consolidated statements of income:

|                               | From April 1<br>to June 30,<br>2024<br>(Unaudited) | From April 1<br>to June 30,<br>2023<br>(Unaudited) | From January 1<br>to June 30,<br>2024<br>(Unaudited) | From January 1<br>to June 30,<br>2023<br>(Unaudited) |
|-------------------------------|--|--|--|--|
| Depreciation on ROU assets    | P450,200   | P449,347   | P900,399   | P898,694   |
| Interest on lease liabilities | 22,953   | 47,638   | 52,776   | 63,441   |
|                               | <b>P473,153</b>                                    | <b>P496,985</b>                                    | <b>P953,175</b>                                      | <b>P962,135</b>                                      |

Movements in the ROU assets are presented below:

|                                | June 30,<br>2024<br>(Unaudited) | June 30,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|--------------------------------|---------------------------------|---------------------------------|-----------------------------------|
| Balance at beginning of period | P2,057,355                      | P254,286                        | P254,286                          |
| Additions                      | —                               | 2,831,920                       | 3,601,594                         |
| Depreciation (Note 15)         | (900,399)                       | (898,694)                       | (1,798,525)                       |
| Balance at end of period       | P1,156,956                      | P2,187,512                      | P2,057,355                        |

Details of ROU assets are as follows:

|                          | June 30,<br>2024<br>(Unaudited) | June 30,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|--------------------------|---------------------------------|---------------------------------|-----------------------------------|
| Cost                     | P3,601,594                      | P3,594,776                      | P3,601,594                        |
| Accumulated depreciation | (2,444,638)                     | (1,407,264)                     | (1,544,239)                       |
| Balance at end of period | P1,156,956                      | P2,187,512                      | P2,057,355                        |

Depreciation expense from the ROU assets is allocated as follows:

|                                     | From April 1<br>to June 30,<br>2024<br>(Unaudited) | From April 1<br>to June 30,<br>2023<br>(Unaudited) | From January 1<br>to June 30,<br>2024<br>(Unaudited) | From January 1<br>to June 30,<br>2023<br>(Unaudited) |
|-------------------------------------|--|--|--|--|
| Cost of services                    | P67,346  | P66,750  | P134,693   | P133,500   |
| General and administrative expenses | 382,854  | 382,597  | 765,706  | 765,194  |
|                                     | P450,200   | P449,347   | P900,399   | P898,694   |

Movements in lease liabilities are presented below:

|                                | June 30,<br>2024<br>(Unaudited) | June 30,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|--------------------------------|---------------------------------|---------------------------------|-----------------------------------|
| Balance at beginning of period | P2,131,772                      | P257,209                        | P257,209                          |
| Additions                      | —                               | 2,831,920                       | 3,601,594                         |
| Interest expense (Note 14)     | 52,776                          | 63,441                          | 130,479                           |
| Payments                       | (971,792)                       | (925,517)                       | (1,857,510)                       |
| Balance at end of period       | P1,212,756                      | P2,227,053                      | P2,131,772                        |

The present value of the minimum lease payments for each of the following periods are as follows:

|  | June 30,<br>2024<br>(Unaudited) | June 30,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|--|---------------------------------|---------------------------------|-----------------------------------|
| Not later than one year                          | P946,913                        | P739,869                        | P1,865,929                        |
| More than one year but not later than five years | 265,843                         | 1,487,184                       | 265,843                           |
|  | P1,212,756                      | P2,227,053                      | P2,131,772                        |

The future minimum lease payments for each of the following periods are as follows:

|  | June 30,<br>2024<br>(Unaudited) | June 30,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|--|---------------------------------|---------------------------------|-----------------------------------|
| Not later than one year                          | P971,792                        | P795,959                        | P1,943,584                        |
| More than one year but not later than five years | 272,070                         | 1,535,479                       | 272,070                           |
| More than five years                             | —                               | —                               | —                                 |
| Total minimum lease obligation                   | 1,243,862                       | 2,331,438                       | 2,215,654                         |
| Less future finance charges on lease liabilities | 31,106                          | 104,385                         | 83,882                            |
|  | <b>P1,212,756</b>               | <b>P2,227,053</b>               | <b>P2,131,772</b>                 |

#### 14. Revenue

Disaggregation of revenue is as follows:

|                          | From April 1<br>to June 30,<br>2024<br>(Unaudited) | From April 1<br>to June 30,<br>2023<br>(Unaudited) | From January 1<br>to June 30,<br>2024<br>(Unaudited) | From January 1<br>to June 30,<br>2023<br>(Unaudited) |
|--------------------------|--|--|--|--|
| <b>Revenue:</b>          |  |  |  |  |
| Interest income          | P8,306,318   | P3,590,440   | P16,503,329  | P15,808,743  |
| Retainer fee             | 2,263,607  | 1,967,035  | 4,748,214  | 3,878,731  |
| Dividend income (Note 7) | 2,169,703  | 3,396,902  | 4,366,832  | 5,501,097  |
| Stock transfer fee       | 54,315   | 50,411   | 125,435  | 127,451  |
| Other service fee        | 106,280  | 101,106  | 161,932  | 177,038  |
|                          | <b>P12,900,223</b>                                 | <b>P9,105,894</b>                                  | <b>P25,905,742</b>                                   | <b>P25,493,060</b>                                   |

Retainer fee pertains to monthly retainer fees earned by PSTI being a stock transfer agent.

Interest income included in revenue as shown in the consolidated statements of income is earned from the following:

|                                    | From April 1<br>to June 30,<br>2024<br>(Unaudited) | From April 1<br>to June 30,<br>2023<br>(Unaudited) | From January 1<br>to June 30,<br>2024<br>(Unaudited) | From January 1<br>to June 30,<br>2023<br>(Unaudited) |
|------------------------------------|--|--|--|--|
| Cash and cash equivalents (Note 4) | P729,958   | P403,680   | P1,303,158   | P743,313   |
| Receivables (Note 5)               | 1,538,860  | (2,278,689)  | 2,563,714  | 3,567,121  |
| Financial assets at FVOCI (Note 7) | 6,037,500  | 5,465,449  | 12,636,457   | 11,498,309   |
|                                    | <b>P8,306,318</b>                                  | <b>P3,590,440</b>                                  | <b>P16,503,329</b>                                   | <b>P15,808,743</b>                                   |

## 15. Costs and Expenses

This account consists of:

|   | From April 1<br>to June 30,<br>2024<br>(Unaudited) | From April 1<br>to June 30,<br>2023<br>(Unaudited) | From January 1<br>to June 30,<br>2024<br>(Unaudited) | From January 1<br>to June 30,<br>2023<br>(Unaudited) |
|---|--|--|--|--|
| <b>Cost of services:</b>                    |  |  |  |  |
| Salaries and other benefits                 | <b>P386,330</b>                                    | P398,380   | <b>P739,004</b>                                      | P697,723   |
| Professional fee                            | <b>224,466</b>                                     | 268,306  | <b>434,633</b>                                       | 700,898  |
| Depreciation (Notes 9 and 13)               | <b>71,054</b>                                      | 70,458   | <b>142,109</b>                                       | 140,916  |
| Communication, light and water              | <b>(17,235)</b>                                    | (32,603)   | <b>28,930</b>  | 45,201   |
| Dues and subscription                       | <b>14,173</b>                                      | 14,173   | <b>28,346</b>  | 28,346   |
| Transportation and travel                   | <b>(20,659)</b>                                    | (61,067)   | <b>(9,708)</b>                                       | (5,116)  |
|   | <b>658,129</b>                                     | 657,647  | <b>1,363,314</b>                                     | 1,607,968  |
| <b>General and administrative expenses:</b> |  |  |  |  |
| Professional fees                           | <b>2,731,955</b>                                   | 2,602,799  | <b>4,851,363</b>                                     | 5,880,303  |
| Directors' fees (Note 18)                   | <b>900,000</b>                                     | 875,000  | <b>1,904,445</b>                                     | 1,775,000  |
| Outside services                            | <b>927,836</b>                                     | 807,869  | <b>1,772,526</b>                                     | 1,542,229  |
| Representation and entertainment            | <b>441,934</b>                                     | 346,484  | <b>1,676,955</b>                                     | 515,407  |
| Transportation and travel                   | <b>657,529</b>                                     | 508,566  | <b>1,195,389</b>                                     | 1,108,702  |
| Bank charges                                | <b>510,760</b>                                     | 426,357  | <b>902,038</b>                                       | 844,121  |
| Depreciation (Notes 9 and 13)               | <b>386,653</b>                                     | 386,396  | <b>773,304</b>                                       | 772,792  |
| Taxes and licenses                          | <b>37,771</b>                                      | 20,230   | <b>420,638</b>                                       | 448,656  |
| Provision for doubtful accounts<br>(Note 5) | <b>341,205</b>                                     | —  | <b>341,205</b>                                       | —  |
| Dues and subscription                       | <b>65,674</b>                                      | 47,174   | <b>112,848</b>                                       | 91,848   |
| Office supplies                             | <b>54,591</b>                                      | 33,370   | <b>102,478</b>                                       | 124,224  |
| Repairs and maintenance                     | <b>25,505</b>                                      | —  | <b>25,805</b>  | 70   |
| Advertising                                 | —  | 140,750  | <b>19,200</b>  | 179,150  |
| Legal fees                                  | —  | 368,996  | —  | 368,996  |
| Trainings and seminars                      | —  | —  | —  | 3,449  |
| Others                                      | <b>(34,591)</b>                                    | 565,244  | <b>152,000</b>                                       | 324,238  |
|   | <b>7,046,822</b>                                   | 7,129,235  | <b>14,250,194</b>                                    | 13,979,185   |
|   | <b>P7,704,951</b>                                  | P7,786,882   | <b>P15,613,508</b>                                   | P15,587,153  |

## 16. Other Income (Charges)

This account consists of:

|   | From April 1<br>to June 30,<br>2024<br>(Unaudited) | From April 1<br>to June 30,<br>2023<br>(Unaudited) | From January 1<br>to June 30,<br>2024<br>(Unaudited) | From January 1<br>to June 30,<br>2023<br>(Unaudited) |
|---|--|--|--|--|
| Unrealized foreign exchange gain  | <b>P1,545,408</b>                                  | P516,438   | <b>P1,967,205</b>                                    | (P407,246)   |
| Realized loss on sale of debt<br>instruments measured at FVOCI<br><i>(Note 7)</i> | <b>18,893</b>                                      | (1,760,111)  | <b>(40,094)</b>                                      | (1,651,295)  |
|   | <b>P1,564,301</b>                                  | (P1,243,673)                                       | <b>P1,927,111</b>                                    | (P2,058,541)   |

## 17. Income Tax

The composition of provision for current income tax is as follows:

|      | From April 1<br>to June 30,<br>2024<br>(Unaudited) | From April 1<br>to June 30,<br>2023<br>(Unaudited) | From January 1<br>to June 30,<br>2024<br>(Unaudited) | From January 1<br>to June 30,<br>2023<br>(Unaudited) |
|------|--|--|--|--|
| RCIT | <b>P101,668</b>                                    | P76,766  | <b>P349,235</b>                                      | P254,747   |
| MCIT | <b>18,446</b>                                      | (26,301)   | <b>36,585</b>  | 90,064   |
|      | <b>P120,114</b>                                    | P50,465  | <b>P385,820</b>                                      | P344,811   |

The reconciliation of the income tax expense computed at statutory tax rate to actual income tax expense (benefit) as presented in the consolidated statements of income are as follows:

|  | From January 1<br>to June 30,<br>2024<br>(Unaudited) | From January 1<br>to June 30,<br>2023<br>(Unaudited) |
|--|--|--|
| Income tax at statutory rate                                       | <b>P3,041,642</b>                                    | P1,945,981   |
| Change in unrecognized deferred tax assets                         | —  | 101,812  |
| Add (deduct) tax effects of:                                       |  |  |
| Nontaxable:  |  |  |
| Realized loss (gain) on sale of debt instruments measured at FVOCI | <b>10,024</b>  | 412,824  |
| Dividend income  | (1,091,597)  | (1,375,173)  |
| Interest income already subjected to a final tax                   | (3,668,499)  | (3,246,526)  |
| Nondeductible expenses   | <b>352,559</b>                                       | 144,607  |
| Tax expense on NOLCO   | <b>2,402,023</b>                                     | 769,394  |
| Tax expense on MCIT  | <b>36,201</b>  | 89,791   |
| Effect of differences in tax rates                                 | <b>(110,974)</b>                                     | (59,880)   |
|  | <b>P971,379</b>                                      | (P1,217,170)   |

|   | From April 1<br>to June 30,<br>2024 | From April 1<br>to June 30,<br>2023 |
|---|-------------------------------------|-------------------------------------|
|   | (Unaudited)                         | (Unaudited)                         |
| Income tax at statutory rate                                | P1,684,155                          | P6,925                              |
| Change in unrecognized deferred tax assets                  | –                                   | 1,198,270                           |
| Add (deduct) tax effects of:                                |                                     |                                     |
| Nontaxable:   |                                     |                                     |
| Realized loss on sale of debt instruments measured at FVOCI | (4,723)                             | 440,028                             |
| Dividend income   | (542,315)                           | (849,124)                           |
| Interest income already subjected to a final tax            | (1,846,005)                         | (1,601,973)                         |
| Nondeductible expenses                                      | 116,763                             | 112,708                             |
| Tax expense on NOLCO  | 1,228,153                           | 769,394                             |
| Tax expense on MCIT   | 18,339                              | (26,574)                            |
| Effect of differences in tax rates                          | (50,028)                            | (15,337)                            |
|   | <b>P604,339</b>                     | <b>P34,317</b>                      |

The components of the recognized deferred tax assets (liabilities) – net of the Group are as follows:

|  | June 30,<br>2024  | June 30,<br>2023 | December 31,<br>2023 |
|--|-------------------|------------------|----------------------|
|  | (Unaudited)       | (Unaudited)      | (Audited)            |
| <b>Deferred tax asset (liability):</b> |                   |                  |                      |
| Allowance for doubtful accounts        | P5,679            | P5,679           | P104,150             |
| NOLCO                                  | 29,720            | 16,109           | 26,586               |
| Leases                                 | 1,834             | 210              | 639                  |
| MCIT                                   | 1,208             | 273              | 824                  |
| Unrealized foreign exchange gain       | (491,801)         | –                | –                    |
|  | <b>(P453,360)</b> | <b>P22,271</b>   | <b>P132,199</b>      |

The components of the Group's unrecognized deferred tax assets are as follows:

|   | June 30,<br>2024  | June 30,<br>2023 | December 31,<br>2023 |
|---|-------------------|------------------|----------------------|
|   | (Unaudited)       | (Unaudited)      | (Audited)            |
| <b>NOLCO</b>                                    |                   |                  |                      |
| MCIT  | P2,484,592        | P769,394         | P2,593,818           |
| Unrealized foreign exchange loss                | 36,201            | 89,791           | 210,240              |
| Allowance for doubtful accounts                 | –                 | –                | 68,050               |
| Provision for impairment of asset held for sale | –                 | –                | 488,290              |
| Leases  | (6,149)           | –                | (17,806)             |
|   | <b>P2,514,644</b> | <b>P859,185</b>  | <b>P3,630,289</b>    |

The Parent Company did not recognize deferred tax assets (liabilities) amounting to P2.5 million, P1.0 million and P3.6 million as at June 30, 2024 and 2023 and December 31, 2023, respectively, because management assessed that these may not be realized because future taxable income may not be sufficient against which the tax benefits can be claimed or deducted.

## 18. Related Party Transactions

The Company has transactions with related parties as follows:

| Nature of Transaction   | Amount of Transactions<br>(in millions)              |                              |  | Outstanding Balance<br>(in millions) |                                 |                                   |
|-------------------------|--|------------------------------|--|--------------------------------------|---------------------------------|-----------------------------------|
|                         | From January 1<br>to June 30,<br>2024<br>(Unaudited) |                              | From January 1<br>to June 30,<br>2023<br>(Unaudited) | June 30,<br>2024<br>(Unaudited)      | June 30,<br>2023<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|                         | Included under "Receivables"                         | Company under Common Control |  |                                      |                                 |                                   |
| MBCI*                   | Notes receivable                                     | (P2.5)                       | P-   | P54.3                                | P48.8                           | P56.8                             |
| MBCI                    | Interest Income                                      | 3.6                          | 1.6  | 1.8                                  | 5.6                             | 6.4                               |
| <i>Immediate Parent</i> |  |                              |  |                                      |                                 |                                   |
| Philcomsat              | Notes receivable                                     | -                            | -  | -                                    | 34.0                            | -                                 |
| Philcomsat              | Interest Income                                      | -                            | 5.7  | -                                    | 19.3                            | 0.9                               |
|                         |  |                              |  | P56.1                                | P107.7                          | P64.1                             |

\*Montemar Beach Club Inc. (MBCI)

### Presented under "Due from Related Parties"

#### *Company under Common Control*

|                         |               |        |        |      |       |      |
|-------------------------|---------------|--------|--------|------|-------|------|
| MBCI                    | Cash advances | (P1.5) | (P0.2) | P5.0 | P6.5  | P6.5 |
| MRDC*                   | Cash advances | (0.2)  | -      | -    | 0.3   | 0.2  |
| <i>Immediate Parent</i> |               |        |        |      |       |      |
| Philcomsat              | Cash advances | 0.6    | -      | 0.8  | 258.0 | 0.2  |

\*Montemar Resort Development Corp. (MRDC)

### Presented under "Lease Liability"

#### *Immediate Parent*

|                        |                  |        |      |      |      |      |
|------------------------|------------------|--------|------|------|------|------|
| <i>Lease of office</i> |                  |        |      |      |      |      |
| Philcomsat             | space            | (P0.9) | P0.9 | P1.2 | P2.2 | P2.1 |
| Philcomsat             | Interest expense | (0.05) | 0.06 | -    | -    | -    |
|                        |                  |        |      | P1.2 | P2.2 | P2.1 |

### Presented under "Deposit for Future Stock Subscription"

#### *Immediate Parent*

|                            |  |    |    |       |       |       |
|----------------------------|--|----|----|-------|-------|-------|
| <i>Future subscription</i> |  |    |    |       |       |       |
| Philcomsat                 |  | P- | P- | P18.9 | P18.9 | P18.9 |

### Included under "Revenue"

#### *Subsidiary*

|      |                 |       |    |    |    |    |
|------|-----------------|-------|----|----|----|----|
| PMEI | Dividend income | P10.0 | P- | P- | P- | P- |
| PSTI | Dividend income | 3.0   | -  | -  | -  | -  |
|      |                 |       |    | P- | P- | P- |

| Nature of Transaction                             | Amount of Transactions<br>(in millions)  |                                       |                  |                  |                      |    | Outstanding Balance<br>(in millions) |  |
|---|--|---------------------------------------|------------------|------------------|----------------------|----|--------------------------------------|--|
|   | From January 1<br>to June 30,<br>2024    | From January 1<br>to June 30,<br>2023 | June 30,<br>2024 | June 30,<br>2023 | December 31,<br>2023 |    |                                      |  |
|   | (Unaudited)                              | (Unaudited)                           | (Unaudited)      | (Unaudited)      | (Audited)            |    |                                      |  |
| <b><u>Included under "Costs and Expenses"</u></b> |  |                                       |                  |                  |                      |    |                                      |  |
| <i>Immediate Parent</i>                           |  |                                       |                  |                  |                      |    |                                      |  |
| Philcomsat  | Association dues                         | (P0.1)                                | (P0.1)           | P-               | P-                   | P- | P-                                   |  |
| Philcomsat  | Utilities                                | (0.1)                                 | (0.2)            | -                | -                    | -  | -                                    |  |
| <i>Subsidiary</i>                                 |  |                                       |                  |                  |                      |    |                                      |  |
| PSTI  | Professional fee as stock transfer agent | (0.09)                                | (0.1)            | -                | -                    | -  | -                                    |  |
|   |  |                                       |                  | P-               | P-                   | P- | P-                                   |  |

Dividend income from PSTI in 2024 was eliminated in the consolidation.

The amount of transactions with PSTI amounting to P90,000 and P80,340 for the three months ended June 30, 2024 and 2023, respectively, were eliminated in the consolidation.

#### Receivable from MBCI and Philcomsat

Cash advances to MBCI and Philcomsat are unsecured and due on demand and bear interest at 5% to 6% per annum and will be settled in cash.

#### Receivable from Philcomsat and MRDC

Cash advances to Philcomsat and MRDC are unsecured, noninterest-bearing, due on demand and will be settled in cash.

The Company did not recognize any provision for ECL on due from related parties since the counterparties have sufficient liquid assets to settle the unpaid amounts as at reporting period. This assessment is undertaken each financial year through review of the financial position of the related party and the market in which the related party operates. Related party transactions have been fairly evaluated since the Company treated it same with the transactions to third parties.

#### Due to a Related Party

Due to a related party is unsecured, noninterest-bearing, due on demand and will be settled in cash.

#### The Group as a Lessee

The Group has a lease agreement with Philcomsat for the rent of its office space located at the 12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Ave., Makati City. The lease terms are for two years and is renewable under mutual agreement of both parties.

#### Stock Transfer Agency

The Parent Company entered into an agreement with PSTI to avail their services as stock transfer agent.

#### Compensation of Key Management Personnel

Compensation of the key management personnel of the Company consists only of directors' fees amounting to P1.9 million and P1.8 million for the six months ended June 30, 2024 and 2023, respectively (see Note 15).

The Company does not have any regular employees. The accounting and management services are under the management of Philcomsat.

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#### 19. Earnings Per Share

Basic/diluted earnings per share is computed as follows:

|   | From January 1<br>to June 30,<br>2024<br>(Unaudited) | From January 1<br>to June 30,<br>2023<br>(Unaudited) |
|---|--|--|
| Net income                                    | P11,195,190  | P9,001,095   |
| Weighted average number of shares outstanding | 996,391,254  | 996,391,254  |
|   | P0.0112  | P0.0090  |

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#### 20. Financial Risk Management Objectives and Policies

The Group's principal financial instruments are comprised of cash and cash equivalents, receivables (excluding advances subject to liquidation), due from related parties, financial assets at FVPL and FVOCI, trade and other payables (excluding statutory payables), customers' deposits and due to a related party. The main risks arising from the Group's financial instruments are market, credit and liquidity risks.

##### **Market Risk**

Market risk is the risk that the value of an investment will decrease due to movements in market factors such as, but not limited to, equity price risk or the risk that the stock prices will change; interest rate risk or the risk that interest rates will change and currency risk or the risk that foreign exchange rates will change.

The central focus of the Group's market risk management is financial assets at FVOCI. The Group has established a risk management/measure system to mitigate the adverse effects in fluctuations of the price or market value of these financial assets. The current policies of the Group are anchored on the selective purchase of shares of stock and establishment of trading and stop loss limits on dealer trading activities to manage possible financial losses to be incurred from trading activities.

##### **Equity Price Risk**

Equity price risk is the risk that the fair values of equity instruments recognized under financial assets at FVOCI decrease as the result of changes in the levels of equity indices and the value of individual stocks.

The Company measures the sensitivity of its investment securities by using PSE index (PSEi) fluctuations. The table below sets forth the impact of changes in PSEi in other comprehensive income.

|                   | Increase (Decrease) in<br>PSEi | Increase (Decrease) in<br>Other Comprehensive Income |
|-------------------|--------------------------------|--|
| June 30, 2024     | 9%                             | ₱16,302,256  |
|                   | (6%)                           | (7,275,021)  |
| June 30, 2023     | 10%                            | 22,129,203   |
|                   | (2%)                           | (4,545,815)  |
| December 31, 2023 | 11%                            | 19,313,028   |
|                   | (7%)                           | (13,377,391)   |

The sensitivity of the equity is the effect of the assumed changes in the PSEi on the net unrealized gain (loss) for the period, based on the adjusted beta rate of equity securities as at June 30, 2024 and 2023, and December 31, 2023.

#### *Interest Rate Risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. As at June 30, 2024 and 2023, and December 31, 2023, the Group has repriceable financial assets, specifically investments in quoted bonds classified as financial assets at FVOCI. Accordingly, the Group is subject to fair value interest rate risk.

The Group measures the sensitivity of its investment securities by using PHP BVAL reference rate fluctuations. The table below sets forth the impact of changes in PHP BVAL in the Group's other comprehensive income.

|                   | Increase (Decrease) in<br>PHP BVAL | Increase (Decrease) in<br>Other Comprehensive Income |
|-------------------|------------------------------------|--|
| June 30, 2024     | 6%                                 | ₱30,024,374  |
|                   | (3%)                               | (36,380,885)   |
| June 30, 2023     | 7%                                 | 39,910,875   |
|                   | (9%)                               | (51,214,170)   |
| December 31, 2023 | 14%                                | 81,643,390   |
|                   | (5%)                               | (28,957,310)   |

#### Foreign Exchange Risk

The Group's foreign-currency denominated financial instrument consists of cash in banks and cash equivalents totaling US\$0.6 million as at June 30, 2024 and 2023, and December 31, 2023, respectively. The Group's exposure to foreign currency risk is insignificant.

The Group's objective is to reduce the exposure to foreign currency risk at a minimum since revenues are peso-denominated.

#### Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial assets that potentially subject the Group to credit risk consist primarily of cash in banks and cash equivalents, receivables (excluding advances subject to liquidation), due from related parties and debt instruments measured at FVOCI.

The Group enters into contracts only with recognized, credit-worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group obtains guarantees where appropriate to mitigate credit risk.

The Group enters into contracts only with recognized, credit-worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group obtains guarantees where appropriate to mitigate credit risk.

#### *Financial Assets*

The Group limits its credit risk by depositing its cash with highly reputable and pre-approved financial institutions and by providing loans to counterparties with sufficient liquid assets to settle the loan balance when demanded.

As discussed in Note 3 to the financial statements, the Group considers credit risk in measuring ECL of debt instruments at amortized cost. Since all of these financial assets of the Company are considered to have low credit risk, impairment loss is limited to 12 months ECL.

The Group has no concentration of credit risk. The carrying amounts of the Group's financial assets at amortized cost and FVOCI represent the maximum exposure to credit risk as at the reporting date as follows:

|                            | June 30,<br>2024<br>(Unaudited) | June 30,<br>2023<br>(Unaudited) | December 31,<br>2022<br>(Audited) |
|----------------------------|---------------------------------|---------------------------------|-----------------------------------|
| Cash and cash equivalents* | P101,704,341                    | P94,255,857                     | P119,739,573                      |
| Receivables                | 138,625,688                     | 158,673,835                     | 124,371,493                       |
| Due from related parties   | 5,805,816                       | 264,773,650                     | 6,938,183                         |
| Financial assets at FVPL   | 131,104                         | 102,184                         | 131,104                           |
| Financial assets at FVOCI  | 887,176,768                     | 949,831,891                     | 912,363,316                       |

\*excluding cash on hand amounting to P6,634 as at June 30, 2024, P12,939 as at June 30, 2023, and P11,100 as at December 31, 2023.

Generally, receivables are written-off if collection cannot be made despite exhausting all extra-judicial and legal means of collection. The maximum exposure to credit risk at reporting date is the carrying value of the financial assets. The Group does not hold collateral as security.

#### Liquidity Risk

The Group seeks to manage its liquid funds through cash planning on a monthly basis. The Group uses historical figures and experiences, and forecasts from its collection and disbursements. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. Moreover, it continuously assesses conditions in the financial markets for possible business opportunities.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash. The Group considers its available funds and its liquidity in managing its financial requirements. For its short-term funding, the Group's policy is to ensure that there are sufficient capital inflows to match repayments of trade and other payables.

The tables below summarize the maturity profile of the Company's financial liability based on contractual undiscounted payments:

|                          | June 30, 2024 (Unaudited) |               |                |                     |            |
|--------------------------|---------------------------|---------------|----------------|---------------------|------------|
|                          | On Demand                 | 1 to 3 months | 3 to 12 months | More than 12 months | Total      |
| Trade and other payables | P-                        | P994,629      | P-             | P-                  | P994,629   |
| Dividends payable        | 5,184,637                 | —             | —              | —                   | 5,184,637  |
| Due to a related party   | 289,972                   | —             | —              | —                   | 289,972    |
| Lease liabilities        | —                         | 946,913       | —              | 265,843             | 1,212,756  |
|                          | P5,474,609                | P1,941,542    | P-             | P265,843            | P7,681,994 |

|                          | June 30, 2023 (Unaudited) |               |                |                     |             |
|--------------------------|---------------------------|---------------|----------------|---------------------|-------------|
|                          | On Demand                 | 1 to 3 months | 3 to 12 months | More than 12 months | Total       |
| Trade and other payables | P-                        | P2,290,164    | P-             | P-                  | P2,290,164  |
| Customers' deposits      | 1,237,874                 | —             | —              | —                   | 1,237,874   |
| Dividends payable        | 5,229,637                 | —             | —              | —                   | 5,229,637   |
| Lease liabilities        | —                         | 399,743       | 340,126        | 1,487,184           | 2,227,053   |
|                          | P6,467,511                | P2,689,907    | P340,126       | P1,487,184          | P10,984,728 |

|                          | December 31, 2023 (Audited) |               |                |                     |             |
|--------------------------|-----------------------------|---------------|----------------|---------------------|-------------|
|                          | On Demand                   | 1 to 3 months | 3 to 12 months | More than 12 months | Total       |
| Trade and other payables | P-                          | P3,624,129    | P-             | P-                  | P3,624,129  |
| Dividends payable        | 5,184,637                   | —             | —              | —                   | 5,184,637   |
| Due to a related party   | 28,344,614                  | —             | —              | —                   | 28,344,614  |
| Lease liabilities        | —                           | 1,865,929     | —              | 265,843             | 2,131,772   |
|                          | P33,529,251                 | P5,490,058    | P-             | P-                  | P39,285,152 |

## 21. Fair Value Measurement

The tables below present the financial assets and liabilities of the Company whose carrying amounts approximate fair values due to the short-term nature of the transactions:

### Financial Assets

|                            | June 30, 2024 (Unaudited) |                | June 30, 2023 (Unaudited) |                |
|----------------------------|---------------------------|----------------|---------------------------|----------------|
|                            | Carrying Amount           | Fair Value     | Carrying Amount           | Fair Value     |
| Cash and cash equivalents  | P101,710,975              | P101,710,975   | P94,268,796               | P94,268,796    |
| Receivables                | 138,625,688               | 138,625,688    | 158,673,835               | 158,673,835    |
| Due from related parties   | 5,805,816                 | 5,805,816      | 264,773,650               | 264,773,650    |
| Financial assets at FVPL   | 131,104                   | 131,104        | 102,184                   | 102,184        |
| Financial assets at FVOCI: |                           |                |                           |                |
| Quoted bonds               | 543,498,646               | 543,498,646    | 591,236,058               | 591,236,058    |
| Quoted shares of stocks    | 184,061,667               | 184,061,667    | 213,775,175               | 213,775,175    |
| UITFs                      | 120,316,455               | 120,316,455    | 105,520,658               | 105,520,658    |
| Unquoted shares of stocks  | 30,000,000                | 30,000,000     | 30,000,000                | 30,000,000     |
| Club memberships           | 9,300,000                 | 9,300,000      | 9,300,000                 | 9,300,000      |
|                            | P1,133,450,351            | P1,133,450,351 | P1,467,650,356            | P1,467,650,356 |

|                            | December 31, 2023 (Audited) |                |
|----------------------------|-----------------------------|----------------|
|                            | Carrying Amount             | Fair Value     |
| Cash and cash equivalents  | P119,750,672                | P119,750,672   |
| Receivables*               | 119,371,493                 | 119,371,493    |
| Due from related parties   | 6,938,183                   | 6,938,183      |
| Financial assets at FVPL   | 131,104                     | 131,104        |
| Financial assets at FVOCI: |                             |                |
| Quoted bonds               | 580,377,590                 | 580,377,590    |
| Quoted shares of stocks    | 181,171,339                 | 181,171,339    |
| UITFs                      | 111,514,387                 | 111,514,387    |
| Unquoted shares of stocks  | 9,300,000                   | 9,300,000      |
| Club memberships           | 30,000,000                  | 30,000,000     |
|                            | P1,158,554,768              | P1,158,554,768 |

#### Financial Liabilities

|                          | June 30, 2024 (Unaudited) |            | June 30, 2023 (Unaudited) |            |
|--------------------------|---------------------------|------------|---------------------------|------------|
|                          | Carrying Amount           | Fair Value | Carrying Amount           | Fair Value |
| Trade and other payables | P894,629                  | P994,629   | P2,290,164                | P2,290,164 |
| Customers' deposits      | —                         | —          | 1,237,874                 | 1,237,874  |
| Dividends payable        | 5,184,637                 | 5,184,637  | —                         | —          |
| Due to a related party   | 289,972                   | 289,972    | —                         | —          |
| Lease liabilities        | 1,212,756                 | 1,212,756  | 2,227,053                 | 2,227,053  |
|                          | P7,681,994                | P7,681,994 | P5,755,091                | P5,755,091 |

|                          | December 31, 2023 (Audited) |            |
|--------------------------|-----------------------------|------------|
|                          | Carrying Amount             | Fair Value |
| Trade and other payables | P3,624,129                  | P3,624,129 |
| Dividends payable        | 5,184,637                   | —          |
| Due to a related party   | 28,344,614                  | —          |
| Lease liabilities        | 2,131,772                   | 2,131,772  |
|                          | P39,285,152                 | P5,755,901 |

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

**Cash and Cash Equivalents, Due from Related Parties, Accounts Payable and Accrued Expenses and Customers' Deposits.** Due to the short-term nature of transactions, the carrying amounts approximate their fair values as at reporting date.

**Financial Assets at FVPL and FVOCI.** The fair value of these financial assets, except for managed funds, are determined in reference to quoted market bid prices at the close of business on the reporting date since most of these are actively traded in an organized financial market. The fair values of managed funds are determined through reference to the quoted price of the underlying securities in the fund. The fair value measurement of these financial assets is classified as Level 1 (Quoted bonds, shares of stock and club memberships) and Level 2 (UITFs).

**Receivables (excluding Advances Subject to Liquidation).** The fair values of receivables are estimated as the present value of all future cash flows discounted using applicable rates of similar type of instruments as at reporting date. The discount rates used ranged from 6.0% to 7.0% as at June 30, 2024 and 2023, and December 31, 2023. The fair value measurement of these receivables is classified as Level 2 (Significant observable inputs).

**Lease Liabilities.** The carrying amount of lease liabilities approximate its fair value because the initial recognition of lease liability is based on the discounted value of lease rentals and expected payments at the end of the lease.

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## 22. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments when there are changes in economic conditions.

The Company considers total equity as its capital. The Company monitors its capital structure using debt-to-equity ratio which is gross debt divided by equity as follows:

|                      | June 30,<br>2024<br>(Unaudited) | June 30,<br>2023<br>(Unaudited) | December 31,<br>2022<br>(Audited) |
|----------------------|---------------------------------|---------------------------------|-----------------------------------|
| Total Debt           | P27,825,720                     | P30,604,075                     | P61,284,193                       |
| Total Equity         | 1,469,821,041                   | 1,454,492,647                   | 1,458,454,929                     |
| Debt-to-equity ratio | 0.02:1                          | 0.02:1                          | 0.04:1                            |

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## 23. Changes in Liabilities Arising from Financing Activities

The following table summarizes the changes in liabilities arising from financing activities as at June 30, 2024 and 2023:

|                   | December 31,<br>2023<br>(Audited) | Additions  | Payments   | June 30,<br>2024<br>(Unaudited) |
|-------------------|-----------------------------------|------------|------------|---------------------------------|
| Lease liabilities | P2,131,772                        | P-         | (P919,016) | P1,212,756                      |
|                   | December 31,<br>2022<br>(Audited) | Additions  | Payments   | June 30,<br>2023<br>(Unaudited) |
| Lease liabilities | P257,209                          | P2,831,920 | (P862,076) | P2,227,053                      |

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## 24. Operating Segment Information

The Group is organized into operating segments based on the type of product or service. The Group's reportable operating segments relates to investing of funds in various financial assets, service agreements with the government and stock transfer agency.

The disaggregated revenue, as disclosed in Note 14, was assigned to the operating segments as follows:

| Revenue as Disaggregated | Operating Segment     |
|--------------------------|-----------------------|
| Interest income          | Investing of funds    |
| Dividend income          | Investing of funds    |
| Retainer fee             | Stock transfer agency |
| Stock transfer fee       | Stock transfer agency |
| Other service fee        | Stock transfer agency |

All of the assets relating to the Group's operating segments are located in the Philippines. Accordingly, reporting operating segments per geographical business operation is not required.

Segment assets, liabilities and revenue and expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and expenses are consistent with that presented in the consolidated statements of comprehensive income.

Significant information of the Group's reportable segments is as follows:

| June 30, 2024 (Unaudited) |                    |                     |                       |               |
|---------------------------|--------------------|---------------------|-----------------------|---------------|
| Segment                   | Investing of Funds | Management Services | Stock Transfer Agency | Total         |
| Segment revenue           | P20,870,161        | P-                  | P5,035,581            | P25,905,742   |
| Segment profit            | 33,343,111         | —                   | 3,317,938             | 36,661,049    |
| Depreciation              | 712,400            | —                   | 203,013               | 915,413       |
| Provision for income tax  | 528,002            | (3,134)             | 446,511               | 971,379       |
| Total assets              | 1,468,191,282      | 23,988,312          | 5,467,167             | 1,497,646,761 |
| Total liabilities         | 26,872,287         | 981                 | 952,452               | 27,825,720    |

| June 30, 2023 (Unaudited) |                    |                     |                       |               |
|---------------------------|--------------------|---------------------|-----------------------|---------------|
| Segment                   | Investing of Funds | Management Services | Stock Transfer Agency | Total         |
| Segment revenue           | P21,309,840        | P-                  | P4,183,220            | P25,493,060   |
| Segment profit            | 22,780,108         | —                   | 2,451,272             | 25,231,380    |
| Depreciation              | 712,400            | —                   | 201,308               | 913,708       |
| Provision for income tax  | (1,456,183)        | (16,109)            | 255,122               | (1,217,170)   |
| Total assets              | 1,447,826,926      | 31,117,442          | 6,152,354             | 1,485,096,722 |
| Total liabilities         | 28,918,239         | 76,620              | 1,609,216             | 30,604,075    |

| December 31, 2023 (Audited) |                    |                     |                       |               |
|-----------------------------|--------------------|---------------------|-----------------------|---------------|
| Segment                     | Investing of Funds | Management Services | Stock Transfer Agency | Total         |
| Segment revenue             | P47,175,500        | P-                  | P8,773,053            | P55,948,553   |
| Segment profit              | 48,537,820         | —                   | 5,227,039             | 53,764,859    |
| Depreciation                | 1,424,801          | —                   | 403,752               | 1,828,553     |
| Provision for income tax    | (1,335,734)        | (26,586)            | 460,790               | (901,530)     |
| Total assets                | 1,481,824,071      | 31,078,116          | 6,836,935             | 1,519,739,122 |
| Total liabilities           | 60,095,073         | 78,682              | 1,110,438             | 61,284,193    |

Reconciliation of the total balances for the reportable segments with the balances in the consolidated statements of financial position and consolidated statements of income is as follows:

| June 30, 2024 (Unaudited)       |                     |   |                       |
|---------------------------------|---------------------|---|-----------------------|
|                                 | Reportable Segments | Not Attributable to Reportable Segments | Consolidated Balances |
| Revenue                         | P35,950,742         | P-                                      | P35,950,742           |
| Cost and expenses               | (2,865,285)         | (12,793,223)                            | (15,658,508)          |
| Other income                    | 1,927,111           | —                                       | 1,927,111             |
| Finance costs                   | (52,776)            | —                                       | (52,776)              |
| Income (loss) before income tax | 34,959,792          | (12,793,223)                            | 22,166,569            |
| Benefit from income tax         | 971,379             | —                                       | 971,379               |
| Net income (loss)               | P33,988,413         | (P12,793,223)                           | P21,195,190           |
| <br>Assets                      | <br>P1,497,579,753  | <br>P1,319,429                          | <br>P1,497,579,753    |
| <br>Liabilities                 | <br>P27,864,161     | <br>P-                                  | <br>P27,758,712       |
| June 30, 2023 (Unaudited)       |                     |   |                       |
|                                 | Reportable Segments | Not Attributable to Reportable Segments | Consolidated Balances |
| Revenue                         | P25,493,060         | P-                                      | P25,493,060           |
| Cost and expenses               | (3,013,702)         | (12,573,451)                            | (15,587,153)          |
| Other income                    | (2,058,541)         | —                                       | (2,058,541)           |
| Finance costs                   | (63,441)            | —                                       | (63,441)              |
| Income (loss) before income tax | 20,357,376          | (12,573,451)                            | 7,783,925             |
| Benefit from income tax         | (1,217,170)         | —                                       | (1,217,170)           |
| Net income (loss)               | P21,574,546         | (P12,573,451)                           | P9,001,095            |
| <br>Assets                      | <br>P1,483,777,293  | <br>P1,319,429                          | <br>P1,485,096,722    |
| <br>Liabilities                 | <br>P30,604,075     | <br>P-                                  | <br>P30,604,075       |
| December 31, 2023 (Audited)     |                     |   |                       |
|                                 | Reportable Segments | Not Attributable to Reportable Segments | Consolidated Balances |
| Revenue                         | P55,948,553         | P-                                      | P55,948,553           |
| Cost and expenses               | (8,997,654)         | (27,083,930)                            | (36,081,584)          |
| Other charges                   | (2,746,989)         | —                                       | (2,746,989)           |
| Finance costs                   | (130,479)           | —                                       | (130,479)             |
| Income (loss) before income tax | 44,073,431          | (27,083,930)                            | 16,989,501            |
| Provision for income tax        | (901,530)           | —                                       | (901,530)             |
| Net income (loss)               | P44,974,961         | (P27,083,930)                           | P17,891,031           |
| <br>Assets                      | <br>P1,518,419,693  | <br>P1,319,429                          | <br>P1,519,739,122    |
| <br>Liabilities                 | <br>P61,284,193     | <br>P-                                  | <br>P61,284,193       |

Differences between the reportable segment's assets, liabilities, revenue and net income and the Group's consolidated assets, liabilities, revenue and net income pertain primarily to goodwill and the Parent Company's operating expenses in 2024 and 2023, which cannot be directly attributed to any reportable segment.

## 25. Aging of Accounts Receivable

The aging schedule of the Group's receivables are as follows:

|                          | June 30, 2024<br>(Unaudited)        |  |                           |                      |
|--------------------------|-------------------------------------|--|---------------------------|----------------------|
|                          | Neither Past<br>Due nor<br>Impaired |  | Past Due but not impaired |                      |
|                          |                                     |  | 30 days                   | More than<br>60 days |
| Notes and loans          | P132,887,826                        |  | P-                        | P-                   |
| Due from related parties | 5,805,816                           |  | —                         | —                    |
| Interest receivable      | 6,262,089                           |  | —                         | —                    |
| Retainer fee receivable  | 1,040,738                           |  | —                         | —                    |
| Dividend receivable      | —                                   |  | —                         | —                    |
|                          | <b>P145,996,469</b>                 |  | <b>P-</b>                 | <b>P-</b>            |
|                          |                                     |  |                           | <b>P145,996,469</b>  |

|                          | June 30, 2023<br>(Unaudited)        |  |                           |                      |
|--------------------------|-------------------------------------|--|---------------------------|----------------------|
|                          | Neither Past<br>Due nor<br>Impaired |  | Past Due but not impaired |                      |
|                          |                                     |  | 30 days                   | More than<br>60 days |
| Notes and loans          | P136,039,693                        |  | P-                        | P-                   |
| Due from related parties | 264,773,650                         |  | —                         | —                    |
| Interest receivable      | 26,364,270                          |  | —                         | —                    |
| Retainer fee receivable  | 1,240,395                           |  | —                         | —                    |
| Dividend receivable      | 57,874                              |  | —                         | —                    |
|                          | <b>P428,475,882</b>                 |  | <b>P-</b>                 | <b>P-</b>            |
|                          |                                     |  |                           | <b>P428,475,882</b>  |

|                          | December 31, 2023<br>(Audited)      |  |                           |                      |
|--------------------------|-------------------------------------|--|---------------------------|----------------------|
|                          | Neither Past<br>Due nor<br>Impaired |  | Past Due but not impaired |                      |
|                          |                                     |  | 30 days                   | More than<br>60 days |
| Notes and loans          | P111,124,767                        |  | P-                        | P-                   |
| Due from related parties | 6,938,183                           |  | —                         | —                    |
| Interest receivable      | 8,502,898                           |  | —                         | —                    |
| Retainer fee receivable  | 1,767,813                           |  | —                         | —                    |
| Dividend receivable      | 33,332                              |  | —                         | —                    |
|                          | <b>P128,366,993</b>                 |  | <b>P-</b>                 | <b>P-</b>            |
|                          |                                     |  |                           | <b>P128,366,993</b>  |

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## 26. Civil Cases

An action was filed in the Sandiganbayan by a group claiming to be directors and officers of POTC and Philcomsat seeking to enjoin the present directors and officers of POTC and Philcomsat from representing themselves as directors and officers and representatives of the Parent Company. The Parent Company sought the dismissal of the complaint against it on the ground that it is not a real party-in-interest since the injunction being sought is not directed against it. The Sandiganbayan issued a decision dismissing the case. The group alleging that they are the POTC and Philcomsat board of directors, however, appealed the case with the Supreme Court (SC) on November 10, 2008. The SC consolidated this case with three other cases.

On July 3, 2013, the SC in GR Nos. 184622, 184712-14, 186066 and 186590 ruled in favor of the Bildner Group and declared the Bildner Group as the legitimate board of directors of the Parent Company. The July 3, 2013 Decision attained finality on October 23, 2013 when the SC issued a Resolution denying the Motions for Reconsideration filed by the opposing parties. On March 27, 2014, the July 3, 2013 Decision has become final and executory.

The Parent Company also filed cases for the recovery of advances made by former directors and officers of the Company. These cases are now pending resolution with the Department of Justice (DOJ).

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## 27. Litigation

The following cases were filed by the Parent Company to recover assets allegedly withdrawn or misappropriated by the former officers:

- Philippine Communications Satellite Corporation against Philcomsat Holdings Corp. (PHC and former directors), Luis Lokin Jr., Enrique Locsin and Philip Brodett (Locsin Group)

PHC, through the valid and incumbent directors (Bildner Group) filed a Motion for Issuance of Writ of Execution with the Regional Trial Court (RTC) of Makati Branch 138 as court of origin, following the final resolution of SC declaring the election of Locsin Group as PHC's officers and directors. Accordingly, the SC ordered the Locsin Group to render an accounting and return of funds allegedly received from the Parent Company. An Order granting the Motion was issued on February 20, 2017, resulting to the issuance of the Writ of Execution on February 28, 2017. On January 9, 2018, PHC filed a manifestation for the implementation of the Writ of Execution. On February 9, 2018, an Order was issued directing PHC, within thirty (30) days from receipt, to submit its preferred accounting firm who will conduct the accounting of all funds and other assets received from POTC, PHC and Philcomsat since September 2004. On February 22, 2018, PHC filed its Ex-Parte Manifestation and Motion, in compliance with the said Order. On July 11, 2018, the Sheriff of the Office of the Clerk of Court of Makati served the Writ of Execution to Manuel Andal, Benito Araneta, Philip Brodett, Enrique Locsin, Concepcion Poblador and Johnny Tan. On June 6, 2019, PHC filed an Ex-Parte Motion to Resolve the pending motion to appoint Virgilio R. Santos as the auditing accounting firm for the execution of the SC Decision dated July 3, 2013 issued in GR Nos. 184622, 184712-14, 186066 and 186590.

There was a status conference held in this case on December 13, 2019 where the Court required the defendants to provide a name of their selected accountant to move forward with the audit. The defendants failed or refused again to comply, so the Court is likely to appoint Philcomsat's proposed accountant, Virgilio R. Santos, to do the audit. On May 18, 2022, Philcomsat filed an Ex-Parte Motion to Resolve praying that an Order be issued allowing VRS to commence the accounting of corporate funds received, utilized and disbursed by all the defendants and their assigns, which the Court granted in its Order of June 3, 2022. However, VRS has already retired. The issue of who would render the audit remains unsolved.

On May 2, 2017, the Presidential Commission on Good Government (PCGG) and Locsin filed with the Court of Appeals (CA) a Petition for Certiorari and Prohibition with Very Urgent Prayer for Issuance of Temporary Restraining Order and/or Writ of Preliminary Injunction assailing the Order dated February 20, 2017 issued by the RTC. On January 30, 2018, the CA issued a Decision dismissing the Petition. On February 22, 2018, PCGG and Locsin filed their Motion for Reconsideration with Motion to Exclude the PCGG from the instant Petition, which are both denied in a Resolution dated June 27, 2018. On August 8, 2018, PCGG filed its Motion for Reconsideration on the denial of its Motion for Exclusion. On October 29, 2018, Philcomsat filed its Opposition thereto.

Meanwhile, PCGG and Locsin filed a Petition for Review with the Supreme Court (SC) questioning the Decision issued by the CA dated January 30, 2018, which dismissed their Appeal. Philcomsat filed its comment thereto on November 6, 2018. PCGG filed its Reply on February 17, 2020.

Separately, Brodett filed his Petition for Certiorari under Rule 65 with the CA assailing the Order issued by the RTC, which denied his Motion for Clarification on the issue of rendering an accounting of the funds. The CA denied his Petition on the ground that clarification may only be allowed if the order involves a clerical error but not when it is an alleged erroneous judgment or dispositive portion of the decision. Since Brodett's Motion for Clarification was raised questioning the grant of a writ of execution, the CA held that it cannot be subject of a motion for clarification. On December 15, 2017, the CA's dismissal was issued and the case was considered terminated. Brodett still filed his Motion for Reconsideration, which was denied on May 10, 2018. Brodett elevated the matter to the SC via Petition for Review but the SC denied the same in a Resolution dated August 29, 2018.

On December 7, 2022, the Court issued a Resolution requiring the parties to file their respective memoranda. On March 10 and 13, 2023, Philcomsat and PCGG filed their memorandum.

- Complaint for collection against Araneta and Lokin

On May 26, 2010, a complaint for collection of sum of money and damages, with an application for a Writ of Preliminary Attachment dated May 24, 2010 was filed by the Parent Company against Benito Araneta and Luis Lokin Jr., former directors of the Parent Company for an alleged personal back to back loans with Bankwise procured by Araneta using the Parent Company's funds as collateral, with the help of Lokin, in the amount of P35.3 million.

On February 2, 2017, a Decision was issued finding Araneta and Lokin liable to pay PHC; a) actual damages in the sum of P31.5 million plus legal interest of 6% computed from May 26, 2010, the time of judicial demand until fully paid; b) P200,000 as and by way of exemplary damages; and c) P200,000 as and by way of attorney's fees, plus costs of suit.

Araneta and Lokin filed their Notices of Appeal on September 6 and September 8, 2017, respectively. On January 16, 2018, the Court of Appeals (CA) required defendants to file Appellant's Brief within 45 days from receipt thereof. On April 20, 2018 and May 7, 2018, PHC received Lokin and Araneta's Appellant's Briefs, respectively. On June 5, 2018, PHC filed its Appellee's Brief. On September 18, 2018, PHC filed a Compliance submitting proof of service of its Appellee's Brief to defendants in accordance with the CA's Resolution dated July 2, 2018. On April 25, 2019, the CA issued a Decision granting Araneta's appeal. On May 30, 2019, PHC filed its Motion for Reconsideration of the said Decision. On July 11, 2019, Araneta filed his Comment thereto, in accordance with the Resolution dated June 6, 2019 issued by the CA to file the same.

On October 24, 2019, the Court of Appeal issued a Resolution denying PHC's Motion for Reconsideration. On November 26, 2019, PHC elevated the case to the Supreme Court via Petition for Review on Certiorari under Rule 45. On March 9, 2020, Araneta filed his Comment. On July 21, 2023, Araneta filed a Motion for Early Resolution.

- Criminal complaint against Brodett and Bankwise Officers using spurious bank accounts for Parent company's deposits

On May 8, 2008, the Parent Company filed a criminal complaint for estafa for misappropriation of corporate funds against Brodett, a former director of the Parent Company, and certain officers of Bankwise. The complaint alleged that the unauthorized deposits, withdrawals and transfers of the Company's funds in the amount of P66.8 million was processed through spurious bank accounts and involved the co-mingling and transfer of funds between the Parent Company's accounts and certain personal accounts.

On June 14, 2016, an Order was issued allowing Brodett to present his defense only with respect to the P27.0 million and P9.3 million which allegedly came from PHC funds and not in the whole amount of P66.8 million. On July 1, 2016, a Motion for Reconsideration of the said Order was filed by the Private Prosecutor (Parent Company). On August 30, 2016, the Private Prosecutor filed a Reply to Brodett's Comment/Opposition dated August 25, 2016. After the presentation of defense evidence has already been concluded on June 5, 2018, the accused filed their Formal Offer of Evidence, which was partially admitted by the Court on August 28, 2018. On February 21, 2020, the Court promulgated its judgment finding accused Brodett guilty for the crime of theft, sentencing him to the penalty of imprisonment for a minimum period of four (4) years, two (2) months, one (1) day, to a maximum period of sixteen (16) years and 4 months. He was also found civilly liable to pay PHC the amount of P14,235,700, with legal interest of 12% per annum from April 11, 2008 until June 30, 2013 and the total obligation plus 6% legal interest from July 1, 2013 until fully paid. On March 10, 2020, Brodett filed his Motion for Partial Reconsideration of the Decision. On July 1, 2020, PHC filed its Consolidated Comment/Opposition thereto. In ruling Brodett's Motion for Reconsideration, the Court again promulgated the case on December 2, 2020 and affirmed Brodett's conviction. He then filed an appeal on December 3, 2020.

- Criminal complaint against Araneta for non-return of PHC deposits

A criminal complaint for estafa was filed against Araneta for money market placements amounting to P65.0 million which allegedly were not returned to the Parent Company. The case was dismissed on February 9, 2009 for lack of probable cause. The appeal filed on March 4, 2009 is still pending decision with the DOJ as at report date.

- Criminal complaint against Concepcion A. Poblador

A criminal complaint for estafa was filed against Ms. Poblador for allegedly receiving cash advances amounting to P14.5 million, which she failed to account for and return to the Parent Company after formal demands. On February 9, 2009, the DOJ issued a Resolution directing the filing of an information against Ms. Poblador only for P0.2 million.

On January 7, 2014, the Parent Company filed a Petition for Certiorari praying that the DOJ file new information against Ms. Poblador for estafa for the total amount of P16.7 million. On January 10, 2014, the Parent Company received a Petition for Certiorari filed by Ms. Poblador seeking the reversal of the Resolution directing the filing of an Information for estafa against her for P0.2 million. On August 29, 2014, the two petitions were consolidated.

On April 26, 2017, subsequent to the filing of the parties' respective Memoranda, the CA issued a Resolution requiring Ms. Poblador to file a Rejoinder to the Parent Company's Reply (to the Memorandum of Poblador). In the meantime, the case was returned to "Completion State" pending the filing of the Rejoinder. Poblador filed her Rejoinder on June 1, 2017 under a Motion to Admit Attached Rejoinder.

On November 29, 2017, Poblador filed a Manifestation adopting her previous Memorandum dated December 22, 2014 as her compliance with the Resolution dated October 11, 2017. The Office of the Solicitor General filed a Manifestation and Motion on November 24, 2017 asking that the DOJ Secretary be excused from filing a Memorandum.

Based on the Resolution of the Court requiring the parties anew to file their respective Memorandum, PHC's (2nd) Memorandum was filed on December 13, 2017, within the extended period prayed for.

On June 14, 2019, the CA issued a Decision denying both PHC's and Ms. Poblador's Petitions for Certiorari. On July 5 and 11, 2019, both parties filed their respective Motions for Reconsideration. On July 24, 2019, PHC filed its Comment to Ms. Poblador's Motion for Reconsideration. On August 10, 2020, the CA issued a Resolution denying PHC and Ms. Poblador's Motions for Reconsideration. PHC decided not to pursue the case with the Supreme Court considering that the amount involved is already covered by the advances to affiliates case.

On November 3, 2020, Poblador filed her Petition for Review with the Supreme Court. On April 4, 2022, PHC filed its Comment.

The Group is also involved in other litigations, claims and disputes which are normal to its business. Management believes that the ultimate liability, if any, with respect to these litigations, claims and disputes will not materially affect the financial position and financial performance of the Group.

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

**Key Performance Indicators (KPI)**

The Company's KPI for the quarters ended June 30, 2024 and 2023 are as follows:

| Performance Indicator | Formula             | June 30, 2024 | June 30, 2023 |
|-----------------------|---------------------|---------------|---------------|
| <i>Liquidity</i>      |                     |               |               |
| Current Ratio         | Current Assets      | 30.99:1       | 50.71:1       |
|                       | Current Liabilities |               |               |
| <i>Leverage</i>       |                     |               |               |
| Debt to Equity Ratio  | Total Liabilities   | 0.02:1        | 0.02:1        |
|                       | Total Equity        |               |               |
| Asset to Equity Ratio | Total Assets        | 1.02:1        | 1.02:1        |
|                       | Total Equity        |               |               |
| <i>Profitability</i>  |                     |               |               |
| Net Profit Ratio      | Net Income          | 0.48:1        | -0.00073:1    |
|                       | Revenue             |               |               |
| Return on Assets      | Net Income          | 0.41%         | -.00045%      |
|                       | Total Assets        |               |               |
| Return on Equity      | Net Income          | 0.42%         | -.00045%      |
|                       | Total Equity        |               |               |

***Liquidity***

The Company's current assets of P254,493,042 as of June 30, 2024 and current liabilities of P8,212,517 resulted in liquidity ratio of 30.99:1 compared to the same quarter of previous year wherein the ratio was higher at 50.71:1. The decrease in current ratio was due to the dividends payable.

***Leverage***

There were no changes between the Debt to Equity ratio and Asset to Equity Ratio for the period of June 30, 2024 and 2023. The ratio shows that the Group's assets are more than adequate to cover its liabilities.

***Profitability***

The Group results of operations for the quarter ended June 30, 2024 resulted to a net income lower than the previous period due to decrease in revenues.

### **Results of Operations**

From 2000 to 2010, the Corporation was involved in an intra-corporate feud between the Brodett-Araneta-Lokin-Locsin-Poblador Group, who controlled the Corporation from 2000 to December 2007, present Management assumed control in December 2007.

Due to the hostile take-over, the Brodett Group withdrew the corporate funds, transferred corporate property and held the corporate funds. Thus, for the period between December 2007 and May 2010, present Management has not been able to focus on growing the business and operations of the Corporation as all efforts were geared towards recovering corporate assets.

Presently, the Company's investments remain in money market placements and other liquid financial instruments.

The following table shows the results of Philcomsat Holdings Corporation's operations for the quarters ended June 30, 2024 and 2023:

| Results of Operations            | For the quarter ended |                  |                         |                   |
|----------------------------------|-----------------------|------------------|-------------------------|-------------------|
|                                  | June 30,<br>2024      | June 30,<br>2023 | Increase/<br>(Decrease) | YoY Change<br>(%) |
| Revenues                         | P12,900,223           | P9,105,894       | P3,794,329              | 41.67%            |
| Expenses                         | (7,727,904)           | (7,834,520)      | 106,616                 | 1.89%             |
| Income (loss) from<br>operations | P5,172,319            | P1,271,374       | P3,900,945              | 306.83%           |

The Group recorded higher income from operations for the quarter ended June 30, 2024 due to increase in revenues.

**Discussion and Analysis of Material Events and Uncertainties**

|  |  |
|--|--|
| <p>i. Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.</p>                    | The Parent Company filed various cases against its former directors to recover assets they allegedly withdrawn or misappropriated which, if won, will result in the liquidity position of the Group to increase in a material way. |
| <p>ii. Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.</p>   | The Company has a contingent liability should the Parent Company fail to perform its contract with Speedcast, Ltd.   |
| <p>iii. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.</p> | The Company guaranteed the obligations of its Parent Company to perform its contract with Speedcast, Ltd. with price of P203 million.  |
| <p>iv. Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures should be described.</p>  | None   |
| <p>v. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described.</p>          | High interest rates in major economies influence global economic dynamics, and geopolitical tensions cast uncertainties on the local financial markets.  |
| <p>vi. Any significant elements of income or loss that did not arise from the registrant's continuing operations</p>   | None   |
| <p>vii. The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item.</p>  | The volatility of market prices of the Group's financial assets measured at fair value through other comprehensive income.   |

viii. Any seasonal aspects that had a material effect on the financial condition or results of operations. None

PHILCOMSAT HOLDINGS CORPORATION  
LIST OF TOP 20 STOCKHOLDERS  
AS OF JUNE 30, 2024

| RANK | NAME                                      | TOTAL SHARES | PERCENTAGE (%) |
|------|---|--------------|----------------|
| 1    | PHILIPPINE COMMUNICATIONS SATELLITE CORP. | 783,945,590  | 78.6785        |
| 2    | SOMERA, JR., PRUDENCIO C.                 | 100,000,100  | 10.0362        |
| 3    | LAPERAL, OLIVERIO G.                      | 49,556,500   | 4.9736         |
| 4    | PCD NOMINEE CORPORATION                   | 15,864,534   | 1.5922         |
|      | Filipino - 15,328,134                     |              |                |
|      | Non-Filipino - 536,400                    |              |                |
| 5    | RCBC T/A 236-235 A/C OLIVERIO LAPERAL     | 4,802,413    | 0.4820         |
| 6    | PRINCE RESOURCES, INC.                    | 4,000,000    | 0.4014         |
| 7    | DE LOS REYES, VICTORIA DELA CRUZ          | 3,006,500    | 0.3017         |
| 8    | RANADA, JR., SANTIAGO J.                  | 3,000,100    | 0.3011         |
| 9    | MARINO OLONDRIZ Y CIA (Hold, per PSE)     | 2,985,600    | 0.2996         |
| 10   | ESTATE OF JOSE MA. OZAMIZ                 | 2,700,000    | 0.2710         |
| 11   | RCBC T/A 36-250 A/C OLIVERIO LAPERAL      | 2,689,000    | 0.2699         |
| 12   | PHIL. OIL DEVELOPMENT CORP.               | 1,500,000    | 0.1505         |
| 13   | BLANCO, BERNADETTE Y.                     | 1,000,000    | 0.1004         |
| 14   | IMPERIAL RESOURCES, INC.                  | 800,000      | 0.0803         |
| 15   | LAPERAL, JR., OLIVERIO                    | 776,743      | 0.0780         |
| 16   | ILUSORIO, MARIETTA K.                     | 510,000      | 0.0512         |
| 17   | BENJAMIN CO CA & CO., INC.                | 504,300      | 0.0506         |
| 18   | MANZANAL, DENNIS REALES                   | 501,000      | 0.0503         |
| 19   | ABESAMIS, ABRAHAM R.                      | 500,000      | 0.0502         |
| 20   | PAGAL, LAWRENCE A.                        | 500,000      | 0.0502         |

**As of June 30, 2024, the members of Board of Directors/Key Officers of Philcomsat Holdings Corporation are as follows:**

|                                   |  |
|-----------------------------------|--|
| Santiago J. Ranada, Jr.           | Director and Chair                                       |
| Victoria C. De los Reyes          | Director and President/CEO                               |
| Kara Nicole Ponce Enrile-Rhounimi | Director and VP  |
| Erlinda I. Bildner                | Director and CFO/Treasurer                               |
| Marietta K. Ilusorio              | Director   |
| Daniel C. Gutierrez               | Director   |
| Pablo L. Lobregat                 | Director   |
| Prudencio C. Somera               | Director   |
| Julie Y. Daza                     | Director   |
| Oliverio L. Laperal, Jr.          | Director   |
| Charles J. Horne                  | Director   |
| John Benedict L. Sioson           | Corporate Secretary/ Corporate Information Officer       |
| Bernadette Y. Blanco              | Chief Compliance Officer                                 |
| Clariza A. Reyes                  | Assistant Corporate Secretary/Investor Relations Officer |

## Certification

I, Erlinda I. Bildner, Treasurer of Philcomsat Holdings Corporation and Subsidiaries with SEC registration number 11163 with principal office at 12<sup>th</sup> Floor, Telecom Plaza Building 316 Sen. Gil Puyat Avenue, Makati City, on oath state:

- 1) That on behalf of Philcomsat Holdings Corporation and Subsidiaries, I have caused this Quarterly Report (17-Q) to be prepared;
- 2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
- 3) That the company Philcomsat Holdings Corporation and Subsidiaries will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and
- 4) That I am fully aware that the documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

**AUG 13 2024**

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_\_ day of \_\_\_\_\_, 2024.



Erlinda I. Bildner  
Affiant

**AUG 13 2024**

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2024, affiant exhibiting to me her Senior Citizen ID No. 49633 issued on September 20, 2019 at Makati City.

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Series of 2024



ATTY. BERNADETTE S. YANZON  
NOTARY PUBLIC - CITY OF MAKATI  
UNTIL 31 DECEMBER 2024  
NOTARIAL COMMISSION NO. M-262  
12/F TELECOM PLAZA BUILDING  
316 SEN. GIL PUYAT AVENUE, MAKATI CITY  
IBP LIFETIME MEMBER NO. 03264  
PTR NO. 10075057, 01/02/2024, MAKATI CITY  
MCLE COMPLIANCE NO. VII-0013527, 03/28/2022  
ROLL OF ATTORNEY'S NO. 45724  
TIN: 211-177-746

**CERTIFICATION OF INDEPENDENT DIRECTOR**

I, ODILON T. STA. TERESA, Filipino, of legal age and a resident of 48-A Melchor St., Varsity Hills Subdivision, Loyola Heights, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Philcomsat Holdings Corporation.
2. I am affiliated with the following companies or organizations (including Government-owned and controlled corporations):

| Company                          | Position/Relationship | Period of Service |
|----------------------------------|-----------------------|-------------------|
| BAGUIO COUNTRY CLUB              | Director              | 2022-Present      |
| ASIA PACIFIC DRAGON REALTY CORP. | President             | 2019-Present      |
| SMARTINFO PHILIPPINES, INC.      | Chairman & CEO        | 2014-Present      |
| BRIGHTBEAM CORPORATION           | Chairman & President  | 2013-Present      |
| THREEDES CORPORATION             | President             | 2023-Present      |
| RECRUITMENT CENTER PHILS., INC.  | Chairman & President  | 2015-Present      |
| DATATRAIL CORPORATION            | Vice President        | 2001-Present      |

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of Philcomsat Holdings Corporation as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director, officer or substantial shareholder of Philcomsat Holdings Corporation and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or affiliated with a government agency or GOCC.

7. I shall faithfully and diligently comply with my duties and responsibilities as an independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of Philcomsat Holdings Corporation of any changes in the above-mentioned information within five (5) days from its occurrence.

Done this OCT 15 2024 at Makati City

  
ODILON T. STA. TERESA

Affiant

OCT 15 2024

SUBSCRIBED AND SWORN to before me this OCT 15 2024 at  
Makati City, affiant personally appeared before me and exhibited to me his  
PP No. 9244824A issued at DFA La Union on October 20, 2018.

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ATTY. BERNADETTE S. YANZON  
NOTARY PUBLIC - CITY OF MAKATI  
UNTIL 31 DECEMBER 2024  
NOTARIAL COMMISSION NO. M-262  
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ROLL OF ATTORNEY'S NO. 45724  
TIN: 211-177-746

## **CERTIFICATE OF INDEPENDENT DIRECTOR**

**I, OLIVERIO L. LAPERAL, JR.**, Filipino, of legal age and a resident of 1253 Acacia Road, Dasmariñas Village, Makati City, after having been sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **PHILCOMSAT HOLDINGS CORPORATION ("PHC")**

2. I am affiliated with the following companies or organizations

| <b>COMPANY/ORGANIZATION</b>         | <b>POSITION</b>                    | <b>PERIOD OF SERVICE</b>      |
|-------------------------------------|------------------------------------|-------------------------------|
| Imperial Resources, Inc.            | Co-President/<br>Director          | 2016 – Present<br>1975 – 1980 |
| Filipinas Golf & Country Club, Inc. | Co-President/<br>Managing Director | 2016 – Present<br>1975 – 1980 |
| R.S. Video & film Productions       | President/<br>Managing Director    | 1980 - Present                |

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of PHC, as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director, officer, or substantial shareholder of PHC.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

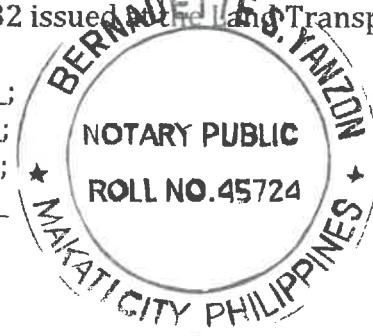
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance, and other SEC issuances.

7. I shall inform the Corporate Secretary of PHC of any changes in the above-mentioned information within 5 days from its occurrence.

in its occurrence.  
  
OLIVERIO L. LAPERAL, JR.  
Affiant

**REPUBLIC OF THE PHILIPPINES)**  
**Makati City** **1SS.**

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is \_\_\_\_ day of OCT 02 2024 at Makati  
exhibited to me his ~~Driver's~~ License No.  
n Office, NCR.  
ATTY. BERNADETTE S. YANZON  
NOTARY PUBLIC CITY OF MAKATI  
UNTIL 31 DECEMBER 2024  
NOTARIAL COMMISSION NO. M-262  
12/F TELECOM PLAZA BUILDING  
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ROLL OF ATTORNEY'S NO. 45724  
TIN: 211-177-746

## CERTIFICATION OF INDEPENDENT DIRECTOR

I, **DEMAREE J.B. RAVAL**, Filipino, of legal age and a resident of No. 11 Jade Street, Tierra Pura 6 Subdivision, Congressional Avenue Extension, Brgy. Pasong Tamo, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Philcomsat Holdings Corporation.
2. I am affiliated with the following companies or organizations (including Government-owned and controlled corporations):

| Company  | Position/Relationship  | Period of Service |
|--|------------------------|-------------------|
| Transparency International (Philippines), Inc. | Vice-President/Trustee | 1992-present      |
| X  | X                      | X                 |
| X  | X                      | X                 |
| X  | X                      | X                 |

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of Philcomsat Holdings Corporation as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director, officer or substantial shareholder of Philcomsat Holdings Corporation and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or affiliated with a government agency or GOCC.

7. I shall faithfully and diligently comply with my duties and responsibilities as an independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of Philcomsat Holdings Corporation of any changes in the above-mentioned information within five (5) days from its occurrence.

Done this 21<sup>st</sup> day of October, 2024 at Makati City



DEMAREE J.B. RAVAL

Affiant

SUBSCRIBED AND SWORN to before me this 23<sup>rd</sup> day of October, 2024 at Makati City, affiant personally appeared before me and exhibited to me his OSCA Card No. 00713 issued at Quezon City on 25 April 2014.

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ATTY. BERNADETTE S. YANZON  
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## PHILCOMSAT HOLDINGS CORPORATION

12F Telecom Plaza 316 Sen. Gil Puyat Ave. 1200 City of Makati, Philippines  
Tel.No.: 8815-8406; Fax No.: 8816-2517 www.phc.com.ph

### CERTIFICATION

I, **JOHN BENEDICT L. SIOSON**, Filipino, of legal age, with office address at 12/F Telecom Plaza, 316 Sen. Gil Puyat Avenue, Makati City, after having been duly sworn in accordance with law, hereby depose and state that:

1. I am the duly elected and incumbent Corporate Secretary of **Philcomsat Holdings Corporation** (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with office address stated above.
2. I hereby certify that none of the directors or officers of the Corporation work in the government.
3. The foregoing is in accordance with the records of the Corporation in my possession.

**IN WITNESS WHEREOF**, I have hereunto set my hand this 2nd day of October 2024 in Makati City.



JOHN BENEDICT L. SIOSON  
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)  
MAKATI CITY ) SS.

SUBSCRIBED AND SWORN to before me this OCT 02 2024 day of October, 2024 at Makati City, affiant exhibiting to me his Driver's License No. N04-89-110776 issued on 13 September 2024 at Makati City and Social Security System No. 33-0719993-8 as competent proof of his identity.

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