COVER SHEET

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S.E.C. Registration Number

PHILCOMSAT HOLDINGS CORPORATION

(Company's Full Name)

12F TELECOM PLAZA
316 SEN GIL PUYAT AVENUE
MAKATI CITY

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

Atty. John Benedict L. Sioson

Contact Person

8815-8406

Company Telephone Number

1 2	3 1	SEC Form 17-A	3rd Monday of November
Month	*Day*	FORM TYPE	Annual Meeting
Fiscal Year			

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

1,175

Total No. of Stockholders

Total amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

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 2020*

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. ....
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
Common	*996,391,254*

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

Yes [x] No [ ]

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

Philippine Stock Exchange — *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 [x] No [ ]

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

Yes [ ] No [x]

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

As of 31 December 2020, the aggregate market value of the voting stock held by non-affiliates of the Corporation is P146,927.881. 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. During the 2006 House Committee investigation into the anomalous losses of PHC, PCGG Chair Sabio promised to withdraw his objection to the listing of the said shares, but he failed to made good on his promise. Since then, several requests were made to the PCGG to withdraw its objection to the listing of the shares but it has refused to do so.

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. It has 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), Montemar Resort Development Corporation, 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 18 of the attached Consolidated Financial Statements.

(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 2019, 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 P1.20 million in 2020, P1.26 million in 2019 and P1.24 million in 2018. 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.

a. **PHC vs. Araneta & Lokin (Civil Case No. 10-525), RTC Makati, Br. 62**

On 26 May 2010, PHC filed a collection suit against respondents Lokin and Araneta for the sum of P35.3 Million. This amount was the deposit of PHC with Bankwise, which was utilized by Araneta as a guarantee and eventually the payment of his personal loan from said bank. The use of this deposit by Araneta was made possible through the help of Lokin who issued a Secretary's Certificate evidencing the spurious authority. Lokin and Araneta assailed the jurisdiction of the trial court claiming that it should be Sandiganbayan which has jurisdiction. They elevated, via Petitions for Certiorari, the issue on jurisdiction with the Court of Appeals. Their separate petitions therein were docketed as CA G. R. SP Nos. 120311 and 120354 and later consolidated. On 4 February 2014, the Company received copy of the Decision promulgated on 27 January 2014 by the Court of Appeals in the consolidated cases. The Decision denied both Araneta and Lokin's

Petitions for Certiorari. Lokin filed a Motion for Reconsideration of the Decision. The Company filed a Comment/Opposition (to Motion for Reconsideration dated 19 February 2014 filed by Luis Lokin) dated 3 April 2014. In the Resolution dated 16 September 2014, the Court of Appeals denied Lokin's Motion for Reconsideration.

On 6 January 2015, a Petition was filed by Benito R. Araneta assailing the Orders dated 26 August 2014 and 17 October 2014 issued by Judge Soriano in Civil Case No. 10-525. The said Orders declared as waived Araneta's right to present his witnesses whose compliant judicial affidavits have not been filed. On 24 November 2015 and 21 December 2015, PHC and Araneta filed their respective Memoranda.

On 26 October 2015, PHC filed a Petition for Certiorari with the Court of Appeals, docketed as CA G. R. No. 142748, assailing the RTC Makati, Branch 148 Joint Order dated 29 May 2015 and Order dated 13 August 2015 disallowing the testimony and the subpoena of our witness Mr. Merlin V. Lamson of Bangko Sentral ng Pilipinas. On August 31, 2016, a Decision was issued denying the Petition. PHC decided to no longer pursue the case.

On 6 December 2016, a Petition for Certiorari was filed with the Court of Appeals, docketed as CA GR No. 148642, assailing the interlocutory Orders dated 3 August 2016 and 3 October 2016 issued by RTC Makati, Br. 62, which denied the Urgent Motion to Inhibit filed by Benito R. Araneta. On 24 January 2019, the Court issued a Decision denying the Petition.

On February 2, 2017, a Decision was issued finding Araneta and Lokin liable to pay PHC a) actual damages in the sum of P31,500,000.00 plus legal interest of 6% computed from May 26, 2010, the time of judicial demand until fully paid; b) P200,000.00 as and by way of exemplary damages; and c) P200,000.00 as and by way of attorney's fees, plus costs of suit. Araneta and Lokin filed their Motions for Reconsideration of the said Decision.

On August 14, 2017, the RTC Makati issued an Order denying the Motions for Reconsideration filed by both respondents. Thus, Araneta and Lokin filed their Notices of Appeal on September 6 and September 8, 2017, respectively, and is docketed as CA G. R. No. CV-109987. On 2 May 2018 and 5 June 2018, the parties filed their Appellants' and Appellee's Briefs. During the mediation set by the Court of Appeals on 23 January 2019, the parties refused to have their case mediated. The case is now deemed submitted for decision.

On April 25, 2019, the Court of Appeals issued a Decision granting the appeal. On May 30, 2019, PHC filed its Motion for Reconsideration, which is denied in a Resolution dated October 24, 2019.

On November 26, 2019, PHC elevated the case to the Supreme Court via a Petition for Review under Rule 45, docketed as G. R. No. 250293.

b. PHC vs. Emerald Registry & Transfers Corporation, et al., (Civil Case No. 10-529) RTC Makati, Br. 149

The case is for Mandatory Injunction against Defendants Poblador and Alobba to compel them to return to PHC the stock and transfer book, the stock certificate booklet, and other corporate documents in their possession.

In addition to the prayer to compel Defendants to return to PHC all corporate books and records in their possession, PHC also prays that the sum of Php200,000.00 be paid to them as costs of suit.

In a Resolution dated 22 December 2017, the Regional Trial Court issued a writ of mandatory injunction against Defendant Concepcion A. Poblador to surrender and deliver to Plaintiff all the documents prayed for. The said Defendant was likewise ordered to pay Plaintiff the sum of Php323,170.40 as attorney's fees and Php7,625.00 for cost of suit.

Defendants then filed their Motion for Reconsideration against the said Resolution. Plaintiff, through undersigned counsel, then filed its Comment/Opposition last 7 March 2018. Thereafter, the Motion for Reconsideration wsa submitted for resolution. Thereafter, PHC filed a Motion for Preliminary Attachment to secure assets of Defendant Poblador as payment for the damages awarded. The Court, during the hearing last 8 March 2019, then ordered Defendants to file their Comment thereto.

c. PHC vs. Poblador (I.S. No. 08-B-1665), Office of the City Prosecutor of Makati

This is a complaint for estafa filed by PHC (represented by Jose Ma. Ozamiz) against Concepcion A. Poblador on 12 February 2008 to compel her to account for the P16.7 million advances she received. On 9 February 2009, the case was dismissed by the City Prosecutor. On 5 March 2009, PHC filed a Petition for Review with the Department of Justice. The DOJ issued a Resolution finding probable cause against Poblador but only for P247,093.00. PHC filed a partial motion for reconsideration and Poblador filed her own motion for reconsideration. On 30 October 2013, our Motion for Reconsideration were denied with finality. Based on records, it appears that an Information for P247,093.00 was filed with the Regional Trial Court of Makati, Branch 59, docketed as Criminal Case No. 13-310. The case was archived on 31 March 2014.

On January 7, 2014, PHC filed a Petition for Certiorari praying that the DOJ file a new Information(s) against Ms. Poblador for Estafa for the total amount of PhP16,747,093. This case is docketed as CA G. R. SP No. 133378. On January 6, 2014, Ms. Poblador also filed a Petition for Certiorari docketed as CA G. R. SP No. 133362 praying that the Information filed against her be dismissed. Both cases are currently pending in the Court of Appeals and were consolidated on August 29, 2014. On November 25, 2014 and December 22, 2014, PHC and Concepcion Poblador filed their Memoranda, respectively. On 2 March 2015, a Resolution was issued that, with the filing of the necessary pleadings, the instant petitions are now considered submitted for decision.

On 26 April 2017, the Court (Special Third Division) issued a Resolution requiring Poblador to file a Rejoinder to PHC's Reply (To Poblador's Memorandum). The Court also returned the cases to completion state and deleted the directive that the same were submitted for Decision. Poblador filed her Rejoinder under date of 1 June 2017.

On 3 November 2017, PHC received the Court's (First Division) Resolution dated 11 October 2017 admitting Poblador's Rejoinder and requiring the parties to submit their Memoranda within thirty (30) days from notice thereof. Under date of 29 November 2017, Poblador filed a Manifestation adopting her previous Memorandum dated 22 December 2014. On 13 December 2017, PHC filed its Memorandum. The Office of the Solicitor General filed a Manifestation and Motion under date of 24 November 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. To date, no Comment to PHC's Motion for Reconsideration has yet been filed or received from Poblador.

d. People vs. Brodett, Ortega, Campa, Quintos, (Criminal Case No. 09-409), RTC Makati, Br. 59

This is a complaint for estafa filed by PHC (represented by Jose Ma. Ozamiz) on 8 May 2008 against Philip G. Brodett etc. for the misappropriation of P66.8 million in company funds. The Makati City Prosecutor recommended the filing of a criminal information against Philip G. Brodett, Leonardo Val Ortega, Vicente Campa and Javier Quintos. On 24 April 2009, an Information was filed against Brodett, Ortega, Campa and Quintos with the RTC- Makati and warrants of arrest to be issued against the defendants. On 22 October 2009, the accused were arraigned. On 11 March 2015, the Court issued an Order resolving the Motion to Dismiss by Demurrer to Evidence filed by the accused, to dismiss the charges. The Motion was denied as to Brodett, granted as to Campa, and partially granted as to Quintos. On 10 June 2015, a Joint was issued denying the parties' motions for reconsideration.

On 17 August 2015, PHC filed a Petition for Certiorari with the Court of Appeals assailing the 11 March 2015 and 10 June 2015 Orders, docketed as CA G. R. No. 141950. On 26 October 2015, the Court issued a Resolution dismissing the petition. On 23 November 2015, the Office of the Solicitor General filed its Motion for Reconsideration, which was denied in a Resolution dated 3 June 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 P14,235,700.00, 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. Brodett manifested that he will file his Motion for Reconsideration of the said Decision.

e. **PHC vs. Araneta (I.S. No. 08-E-4466), Office of the City Prosecutor of Makati**

This is a complaint for estafa filed by PHC (represented by Erlinda I. Bildner) on 23 May 2008 against Benito V. Araneta for misappropriating a total of P82.6 million. The complaint alleges that Mr. Araneta received the said amount supposedly for money market placements on behalf of PHC. After formal demand, Mr. Aranetafailed to show proof that the same was placed nor was he able to account for the same. The City Prosecutor dismissed the Complaint on the ground that the intra-corporate issues are still pending in the courts. On 4 March 2009, PHC filed a Petition for Review with the Department of Justice. The case remains pending.

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

The Corporation held its a stockholders' meeting within the fourth quarter of the fiscal year covered by this report.

(a) The Annual Stockholders' Meeting was held on November 16, 2020 pursuant to the By-laws which mandate the holding of the meeting on the 3rd Monday of November.
(b) In the said meeting, the directors elected were Katrina C. Ponce-Enrile, Erlinda I. Bildner, Pablo L. Lobregat, Marietta K. Ilusorio, Daniel C. Gutierrez, Santiago J. Ranada, Prudencio C. Somera, Victoria C. de los Reyes Julie Yap-Daza, Oliverio L. Laperal, Jr. and Jose Ramon C. Ozamiz. 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) There has been no matter submitted to a vote of security holders otherwise than at a meeting of such securitiy 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 1,174 stockholders and the following are the top 20 stockholders of the Corporation as of December 31, 2020:

Name	No. of Shares	Percentage
Philippine Communications Satellite Corp.	796,595,690	79.94%
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%
J. I. Villarama	4,000,000	0.40%
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%
Imperial Resources, Inc.	800,000	0.08%
Oliverio Laperal Jr.	776,743	0.07%
Benjamin Co Ca & Co., Inc.	504,300	0.05%
Regina Concepcion	481,000	0.04%
Rosa Maria Laperal	448,000	0.04%
Agrifino Cheng	410,000	0.04%
Alexandra Laperal	440,000	0.04%
Ansaldo Godinez & Co., Inc.	332,550	0.03%
Nenita Dacillo	320,000	0.03%
Bridgestone Securities Corporation	307,425	0.03%

(3) Dividends

The Corporation has not declared any dividends on any class of its common equity in the two most recent fiscal years and any subsequent interim period for which financial statements are to be presented in accordance with SRC Rule 68. There are no restrictions that limit the payment of dividends on common shares at present, or in the future.

(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 has likewise entered into a joint venture 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 likewise entered into a joint venture with Philcomsat and Speedcast Limited for the implementation of the government's Free Wi-Fi For All project which involves the installation of 3,000 VSat Wi-Fi sites.

Other than the foregoing, the Corporation continues with its money market operations and investments.

Results of Operations (Consolidated)

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

Revenues: In the fiscal year ended December 31, 2020, the Corporation generated revenue of P54.2 million compared to P58.3 million in 2019 and P48.6 million in 2018. Total comprehensive income for the year ended December 31, 2020 dropped to P23.7 million compared to P60.9 million in 2019 and P47.9 million in 2018.

Expenses: Costs and expenses increased slightly in 2020 to P34.5 million compared to P33.4 million in 2019, but still lower to the P36.6 million spent in 2018.

Operating and Net Income/Loss: The Corporation realized a net income of P18.8 million in 2020, a slight decrease from P20.6 million in 2019. The P93.8 million net income earned in 2018 was a result of the collection of a receivable and, being a one-time event, is unlikely to be repeated.

Income Statement (Consolidated)
(P Million)

	2020	2019	2018
Revenue	54.2	58.3	48.6
Costs and Expenses	(34.5)	(33.5)	(36.7)
Sale of Investment Property	0.0	0.0	99.1
Gains or Losses on FX and Sales	(0.3)	(4.7)	2.5
Gross Profit	19.3	20.1	113.5
Provision for Tax	0.5	(0.5)	19.7
Net Income (Loss)	18.8	20.6	93.8
Other Comprehensive Income (Loss)	(4.9)	40.3	(45.9)
TOTAL COMPREHENSIVE INCOME	23.7	60.9	47.9

Financial Position

The company's comparative balance sheet is summarized below:

Balance Sheet (Consolidated)
(P Million)

	2020	2019	2018
Current Assets	469.7	438.1	429.7
Available-for-sale financial assets	1,019.0	998.2	922.9
Receivables	8.0	37.0	62.0
Other Assets	3.3	5.8	4.2
Total Assets	1,500.0	1,479.1	1,418.8
Current Liabilities	8.3	7.6	10.4
Non-current Liabilities	18.8	19.1	19.6
Stockholders' Equity	1,473.2	1,452.4	1,388.8

Balance Sheet Accounts (Consolidated)

Current Assets: Current assets of the Corporation as of December 31, 2020 totaled P469.7 million compared to P438.1 million in 2019 and P429.8 million in 2018. Of these amounts, cash and cash equivalents totaled P209 million in 2020, compared to P208 million in 2019 and P290 in 2018. The Corporation has sufficient cash resources to meet any expected requirement during the next twelve (12) months. The Corporation continued to increase its investments in AFS financial assets with P1,018 million in 2020 compared to P998.1 million in 2019 and P922.9 million in 2018.

Liabilities :The Corporation is substantially debt-free and has no material commitments for capital expenditures. Total current liabilities in 2020 was only P8.3 million compared to P7.6 million in 2019 and P10.4 million in 2018.

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 once again increased to P1,500.4 million in 2020 from P1,452.4 million in 2019 and P1,388.8 million in 2018.

Key Performance Indicators ("KPI")

The Corporation's KPI for the years ended December 31, 2020, 2019 and 2018 follow:

Performance Indicator	Formula	2020	2019	2018
Liquidity				
Current Ratio	Current Assets / Current Liabilities	56.33 : 1	57.71:1	40.04:1
Leverage				
Debt to Equity Ratio	Total Liabilities / Stockholders' Equity	0.02 : 1	0.02:1	0.02:1
Asset to Equity Ratio	Total Assets / Total Equity	1.02 : 1	1.02:1	1.02:1
Profitability				
Return on Assets	Net Income / Total Assets	1.26%	1.39%	6.61%
Return on Equity	Net Income / Total Equity	1.29%	1.42%	6.75%

Liquidity

The Corporation's current ratio for 2020 is 56.33 compared to 57.71 in 2019 and 40.04 in 2018. The Company's liquidity position remains strong.

Leverage

Leverage is very low at 0.02:1 in 2020, 2019 and 2018.

Profitability

As stated earlier, the increase in net income in 2018 resulted from the settlement of a loan receivable. As these are one-off events, the rate of profitability of the Corporation should normalize beginning 2019.

Notes to Financial Statements

Accounting Policies and Principles

The financial statements for the years 2020, 2019, and 2018 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 cyclicality.

Past and Future Financial Condition and Results of Operations – For 2019 and 2018, 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.

(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 except for the sale of an investment property in 2018.

(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. Increase in current receivables as a result of a reclassification of some non-current receivables as current.
b. Decrease in ROU assets as a result of recognizing depreciation expense.
c. Decrease in property and equipment as a result of depreciation.
d. Decrease in deferred tax assets because Management assesses that these may not be realized because future taxable income may not be sufficient against which the tax benefits can be claimed or deducted.
e. Increase in Trade and Statutory Payables as a result of a payable not being settled as of December 31, 2020 which had since been paid.
f. Decrease in lease liabilities as a result of payment made on the current lease liability as of December 31, 2019 and the reclassification of the then non-current lease liability into current lease liability as of December 31, 2020.
g. Decrease in other equity reserves as a result in a decrease in the unrealized fair value gains of financial assets measured as FVOCI

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

None.

Item 7. Financial Statements

The report of independent accountants and the audited financial statements of the Corporation for the fiscal year ending 31 December 2020 are attached hereto as Annex "A".

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

Pursuant to the SEC Rule on rotation of external auditors every five (5) years, and considering that Reyes Tacandong & Co. have been the Corporation's external auditors since 2015, the Corporation appointed the auditing firm of Mendoza Querido & Co. as external auditors at the last Annual Stockholders' Meeting held on November 18, 2019.

There have been no disagreements with the Corporation's external auditors on accounting and financial disclosure 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
Katrina C. Ponce-Enrile, 60, Filipino	Chairman and Executive Vice-President	April 2007 to Present	President and CEO- Philippine Overseas Telecommunications Corporation, President and CEO-Montemar Beach Club, Inc., Director and CFO-Philippine Communications Satellite Corporation, President and CEO-JAKA Group of Companies
Erlinda I. Bildner, 74, Filipino	Director/ Treasurer/ CFO	April 2007 to 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, 65, 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
Marietta K. Ilusorio, 69, Filipino	Director	May 2010 to 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, 78, Filipino	Director	December 2015 to Present	Journalist, editor-in-chief, columnist, book author, and award-winning television talk show host
Pablo L. Lobregat, 66, 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 Telecommunications Corporation
*Oliverio L. Laperal, Jr.,71, 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
Prudencio C. Somera, Jr. 75, Filipino	Director	August 2004 to Present	Director – TKC Steel Corporation; Licensed Stockbroker; Columnist – Philippine Daily Inquirer
J. Santiago Ranada (ret), 83, 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

*Jose Ramon C. Ozamiz, 61, Filipino	Director	December 2013 to Present	Surgeon – Makati Medical Center; 22 years of practice; Diplomate, Philippine Board of Surgery, Fellow, Philippine College of Surgeons, Member, Philippine Medical Association, Makati Medical Society, Philippine Society of General Surgeons
Victoria C. de los Reyes, 70	Director/ Corporate Secretary	November 18, 2019 to Present	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.

**Independent director.*

*** Term of Office – The above directors were re-elected during the Annual Stockholders' Meeting held on 18 November 2019 and served until 16 November 2020, when the Corporation convened its Annual Stockholders' Meeting where they were all once again re-elected.*

(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
Santiago J. Ranada	Chairman	300,000.00	0.00	0.00	300,000.00
Katrina C. Ponce-Enrile	President	1,500,000.00	0.00	0.00	1,500,000.00
Victoria C. de los Reyes	Corporate Secretary*/Vice President**	582,666.00	0.00	0.00	582,666.00
Erlinda Bildner	Treasurer	1,200,000.00	0.00	0.00	1,200,000.00
Manolita L. Morales	Asst. Treasurer	1,170,000.00	0.00	0.00	1,170,000.00
John Benedict L. Sioson	Asst. Corporate Secretary*/ Corporate Secretary**	1,149,000.00	0.00	0.00	1,149,000.00
Jose Pio J. Seva	Asst. Corporate Secretary**	421,444.00	0.00	0.00	421,444.00
Total		6,323,554.00	0.00	0.00	6,323,554.00

**Until November 16, 2020*
***Beginning November 16, 2020*

(3) *Compensation of Directors*

Name	Position	Salary	Allowance	Bonus	Total
Katrina C. Ponce Enrile	Director	0.00	450,000.00	0.00	450,000.00
Erlinda I. Bildner	Director	0.00	700,000.00	0.00	700,000.00
Daniel C. Gutierrez	Director	0.00	325,000.00	0.00	325,000.00
Pablo L. Lobregat	Director	0.00	325,000.00	0.00	325,000.00
Oliverio L. Laperal, Jr.	Director	0.00	325,000.00	0.00	325,000.00
Victoria de los Reyes	Director	0.00	49,000.00	0.00	49,000.00
Julie Yap Daza	Director	0.00	325,000.00	0.00	325,000.00
Marietta K. Ilusorio	Director	0.00	325,000.00	0.00	325,000.00
Santiago J. Ranada	Director	0.00	325,000.00	0.00	325,000.00
Jose Ramon C. Ozamiz	Director	0.00	325,000.00	0.00	325,000.00
Prudencio C. Somera, Jr.	Director	0.00	325,000.00	0.00	325,000.00
Total		0.00	3,799,000.00	0.00	3,799,000.00

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 2020, 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 2020, 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	Erlinda I. Bildner	(R)	Filipino	-negligible-
Common	Katrina C. Ponce-Enrile	(R)	Filipino	-negligible-
Common	Santiago J. Ranada	(R)	Filipino	-negligible-
Common	Victoria C. de los Reyes	(R)	Filipno	-negligible-
Common	Directors and Officers as a Group 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 2020 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 2020 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 16 November 2020.

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 MAY 1 0 2021.

By:

KATRINA C. PONCE-ENRILE
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

SUBSCRIBED AND SWORN to before me this MAY 1 0 2021 day of May 2021 affiants exhibiting to me their identification as follows:

Name	ID	Date of Issue	Place of Issue
Katrina C. Ponce-Enrile	PP No. P5615337A	15 January 2018	DFA Manila
Erlinda I. Bildner	SC ID No. 49633	20 September 2019	OSCA Makati
Maria Corazon C. Aquino	PRC ID No. 0097868	17 August 2018	Sampaloc, Manila
John Benedict L. Sioson	DL N04-89-110776	17 September 2019	LTO Makati

Doc. No. 481;
Page No. 98;
Book No. IV;
Series of 2021.

ATTY. HENRY D. ADASA
NOTARY PUBLIC CITY OF MANILA
UNTIL DECEMBER 31, 2021
NOTARIAL COMMISSION 2020-007 MLA

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

						1	1	1	6	3

Company Name

PHILCOMSAT HOLDINGS CORPORATION AND SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town)Province)

2TH FLOOR, TELECOM PLAZA BUILDING, 316 SEN. GIL PUYAT AVENUE, MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, if applicable
AFS	CRMD	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
1174	3rd Monday of November	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Miss Erlinda I. Bildner		(02) 8815-8406	

Contact Person's Address

12th Floor Telecon Plaza Building, 316 Se. Gil Puyat Avenue, Makati City

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

***2:** All Boxes must be properly and completely filled-up. Failure to do so shall cause 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.*

PHC
PHILCOMSAT HOLDINGS CORPORATION

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

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 consolidated financial statements including the schedules attached therein, for the years ended December 31, 2020, 2019 and 2018, 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 the 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.

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

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

Mendoza Querido & Co. and Reyes Tacandong & Co., the independent auditors appointed by the stockholders, have audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders have expressed its opinion on the fairness of presentation upon completion of such audit.

SANTIAGO J. RANADA
Chairman of the Board

KATRINA C. PONCE ENRILE
President

ERLINDA I. BILDNER
Treasurer

Signed this 12th day of April 2021

SUBSCRIBED AND SWORN to before me this day of APR 1 3 2021 2021 in Makati City, affiants exhibiting to me the following:

Name	Government ID No.	Place/Date of Issue
Santiago J. Ranada	PP No. P0274808B	DFA NCR East/17 January 2019
Katrina C. Ponce Enrile	PP No. P5615337A	DFA Manila/15 January 2018
Erlinda I. Bildner	Senior Citizen ID No. 49633	Makati City/20 September 2019

Doc No. 73
Page No. 16
Book No. 05
Series of 2021

ATTY. HOBERT N. LLUZ
NOTARY PUBLIC
Until December 31 2021
Appt. No M-37 Makati City
IBP #135589 for 2021 - RSM
S.C Roll No 59597
PTR #8533515, Jan 04, 2021-Makati
MCLE Compliance No. VI-0028451,
Issued on 08-28-2019, Valid until 04-14-2022
Unit 301 3rd Flr Campos Rueda Bldg
101 Urban Ave., Brgy Pio del Pilar, Makati City

MOORE

M&Q

Mendoza Querido & Co.

16th Floor, The Salcedo Towers
169 H.V. de la Costa St., Salcedo Village
Makati City 1227 Philippines

T +63 2 8 887 1888

www.mqc.com.ph

PRC/BOA Accreditation No. 0966
September 22, 2020, valid until
August 22, 2023
SEC Accreditation No. 0966-SEC (Group A)
Issued November 24, 2020
Valid for Financial Periods 2020 to 2024

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Philcomsat Holdings Corporation and Subsidiaries
12th Floor Telecom Plaza Building
316 Sen. Gil Puyat Avenue
Makati City

Opinion

We have audited the consolidated financial statements of Philcomsat Holdings Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). 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 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 audit 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Valuation of Financial Assets

Description of the Matter

Financial assets, which comprise ninety-nine percent of the Group's total assets as at reporting date, are measured at either fair value or at amortized cost depending on the business model and contractual cash flow of said assets in compliance with PFRS 9, *Financial Instruments*. Due to the price volatility attributable to market factors and certain judgments made by management in the estimation of the expected credit loss, the carrying amount could significantly affect either the profit or loss or other comprehensive income.

Audit Response

To determine if the financial assets were reasonably valued, we compared the recorded amount of the financial assets with readily-available market prices and also reviewed the sufficiency of allowance for expected credit losses provided by management for Group's debt instruments. We also reviewed if the measurement of these financial assets is consistent with management's business model and contractual cash flow test.

The Group's disclosures on its financial assets are included in Notes 3, 4, 5, 7, 20 and 21 to the consolidated financial statements.

Other Matters

The consolidated financial statements of the Group as at December 31, 2018 were audited by another auditor whose report dated April 4, 2019 expressed an unqualified opinion on the consolidated financial statement.

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), SEC Form 17-A, and Annual Report for the year ended December 31, 2020, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020 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 to be materially misstated.

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 PFRSs, 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 PSAs 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.

As part of an audit in accordance with PSAs, 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 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 complied 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, related safeguards.

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 Richard S. Querido.

For the Firm: **MENDOZA QUERIDO & CO.**

RICHARD S. QUERIDO
Partner
CPA Certificate No. 84807
SEC Accreditation No. 84807-SEC (Group A)
Issued November 24, 2020
Valid for Financial Periods 2020 to 2024
TIN 102-094-633
BIR Accreditation No. 08-002617-002-2019
January 21, 2019, valid until January 20, 2022
PTR No. 8539444, January 9, 2021, Makati City

April 12, 2021

PHILCOMSAT HOLDINGS CORPORATION
(A Subsidiary of Philippine Communications Satellite Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 2, 3, 4, 20 and 21)	**P209,405,976**	P208,057,744
Receivables – current (Notes 2, 3, 5, 18, 20 and 21)	**242,227,443**	212,534,088
Due from related parties (Notes 2, 3, 18, 20 and 21)	**13,335,379**	13,255,799
Other current assets (Notes 2, 3, 6, 20 and 21)	**4,732,066**	4,290,781
Total Current Assets	**469,700,864**	438,138,412
Noncurrent Assets		
Receivables – noncurrent (Notes 2, 3, 5, 20 and 21)	**8,000,000**	37,000,000
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 2, 3, 7, 20 and 21)	**1,018,865,149**	998,192,651
Investment property (Notes 2, 3 and 8)	**2,249,424**	2,249,424
Right-of-use (ROU) assets (Notes 2, 3 and 12)	**237,777**	1,748,947
Property and equipment (Notes 2, 3, 9 and 26)	**14,208**	69,835
Goodwill (Notes 2, 3 and 10)	**1,319,429**	1,319,429
Deferred tax assets – net (Notes 2, 3 and 17)	**43,653**	413,222
Total Noncurrent Assets	**1,030,729,640**	1,040,993,508
	P1,500,430,504	P1,479,131,920
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and statutory payables (Notes 2, 3, 11, 20 and 21)	**P2,908,619**	P806,952
Due to a related party (Notes 2, 3, 18, 20 and 21)	**3,948,624**	3,948,624
Customers' deposits (Notes 2, 3, 12, 20 and 21)	**1,237,874**	1,237,874
Lease liabilities – current (Notes 2, 3, 12, 18, 20, 21 and 23)	**243,197**	1,599,265
Total Current Liabilities	**8,338,314**	7,592,715
Noncurrent Liabilities		
Deposit for future stock subscription (Notes 2 and 18)	**18,894,000**	18,894,000
Lease liabilities – noncurrent (Notes 2, 3, 12, 18, 20, 21 and 23)	**–**	243,197
Total Noncurrent Liabilities	**18,894,000**	19,137,197
Total Liabilities	**27,232,314**	26,729,912
Equity		
Share capital (Notes 2 and 22)	**996,391,254**	996,391,254
Retained earnings (Notes 2, 7, 22 and 27)	**477,971,839**	457,631,100
Other equity reserves (Notes 2, 7 and 22)	**(1,164,903)**	(1,620,346)
Total Equity	**1,473,198,190**	1,452,402,008
	P1,500,430,504	P1,479,131,920

See accompanying Notes to Financial Statements.

PHILCOMSAT HOLDINGS CORPORATION
(A Subsidiary of Philippine Communications Satellite Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(With Comparative Figures for 2018)
(Amounts in Philippine Pesos)

	2020	2019	2018
REVENUE (Notes 2 and 13)	**P54,260,872**	P58,291,926	P48,622,831
COSTS AND EXPENSES (Notes 2, 14 and 27)	**(34,593,348)**	(33,451,650)	(36,689,261)
GAIN ON SALE OF INVESTMENT PROPERTY (Notes 2, 8 and 13)	**–**	–	99,112,396
OTHER INCOME (CHARGES) – net (Notes 2, 7 and 16)	**(300,677)**	(4,705,385)	2,520,393
INCOME BEFORE INCOME TAX	**19,366,847**	20,134,891	113,566,359
PROVISION FOR (BENEFIT FROM) INCOME TAX (Notes 2, 3 and 17)			
Current	**308,191**	202,399	19,277,950
Deferred	**242,209**	(685,509)	478,422
	550,400	(483,110)	19,756,372
NET INCOME	**P18,816,447**	P20,618,001	P93,809,987
EARNINGS PER SHARE (Notes 2 and 19)	**P0.0189**	P0.0207	P0.0941

See accompanying Notes to Financial Statements.

PHILCOMSAT HOLDINGS CORPORATION
(A Subsidiary of Philippine Communications Satellite Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(With Comparative Figures for 2018)
(Amounts in Philippine Pesos)

	2020	2019	2018
NET INCOME	**P18,816,447**	P20,618,001	P93,809,987
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 2 and 7)			
Items that may be reclassified to profit or loss			
Unrealized gain (loss) on debt instruments at FVOCI	**11,348,642**	26,302,694	(19,051,016)
Items that may not be reclassified to profit or loss			
Unrealized gain (loss) on equity instruments at FVOCI	**(6,428,000)**	13,997,251	(26,777,834)
TOTAL COMPREHENSIVE INCOME	**P23,737,089**	P60,917,946	P47,981,137

See accompanying Notes to Financial Statements.

PHILCOMSAT HOLDINGS CORPORATION
(A Subsidiary of Philippine Communications Satellite Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(With Comparative Figures for 2018)
(Amounts in Philippine Pesos)

	2020	2019	2018
SHARE CAPITAL – P1 par value (Notes 2 and 22)			
Authorized – 1,000,000,000 shares			
Issued – 996,391,254 shares	**P996,391,254**	P996,391,254	P996,391,254
RETAINED EARNINGS (Notes 2, 7, 22 and 27)			
Balance at beginning of year	**457,631,100**	432,270,114	340,257,935
Net income	**18,816,447**	20,618,001	93,809,987
Reclassification of cumulative fair value changes of equity instruments measured at FVOCI sold from other comprehensive income	**1,524,292**	4,742,985	(588,773)
Realized loss on sale of equity instruments measured at FVOCI	**–**	–	(1,209,035)
Balance at end of year	**477,971,839**	457,631,100	432,270,114
OTHER EQUITY RESERVES (Notes 2, 7 and 22)			
Balance at beginning of year	**(1,620,346)**	(39,864,383)	5,375,694
Unrealized gain (loss) for the year	**4,920,642**	40,299,945	(45,828,850)
Reclassification of cumulative fair value changes of debt instruments measured at FVOCI sold to profit or loss	**(2,940,907)**	2,687,077	–
Reclassification of cumulative fair value changes of equity instruments measured at FVOCI sold to retained earnings	**(1,524,292)**	(4,742,985)	588,773
Balance at end of year	**(1,164,903)**	(1,620,346)	(39,864,383)
NONCONTROLLING INTEREST			
Balance at beginning of year	**–**	–	778,990
Effects of:			
Business combination	**–**	–	–
Deconsolidation	**–**	–	(778,990)
Balance at end of year	**–**	–	–
TOTAL EQUITY	**P1,473,198,190**	P1,452,402,008	P1,388,796,985

See accompanying Notes to Financial Statements.

PHILCOMSAT HOLDINGS CORPORATION
(A Subsidiary of Philippine Communications Satellite Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(With Comparative Figures for 2018)
(Amounts in Philippine Pesos)

	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**P19,366,847**	P20,134,891	P113,566,359
Adjustments for:			
Realized loss (gain) on sale of debt instruments measured at FVOCI (Notes 7 and 16)	**(2,940,907)**	2,687,077	–
Depreciation (Note 9)	**1,566,797**	1,360,235	1,503,130
Interest expense (Note 12)	**64,988**	115,750	–
Unrealized loss (gain) on financial assets at fair value through profit or loss (FVPL) (Notes 6 and 16)	**25,305**	1,205	(19,003)
Gain on sale of investment property (Note 8)	**–**	–	(99,112,396)
Gain on disposal of investment in a subsidiary (Note 10)	**–**	–	(25,076)
Operating income before working capital changes	**18,083,030**	24,299,158	15,913,014
Decrease (increase) in:			
Receivables (Note 5)	**(1,733,297)**	3,517,613	2,967,861
Due from related parties (Note 18)	**(79,580)**	4,000,001	–
Other current assets (Note 6)	**(191,783)**	(159,673)	57,005
Increase (decrease) in:			
Trade and statutory payables (Note 11)	**2,101,667**	(4,356,241)	2,354,434
Customers' deposits (Note 12)	**–**	–	(3,163,200)
Net cash generated from operations	**18,180,037**	27,300,858	18,129,114
Collection of notes and loans receivable (Note 5)	**141,972,598**	7,000,000	141,211,954
Acquisitions of:			
Financial assets at FVOCI (Note 7)	**(420,412,719)**	(324,494,312)	(116,937,793)
Notes and loans receivable (Note 5)	**(140,932,656)**	(79,600,000)	(68,500,000)
Short-term investments	**–**	–	–
Proceeds from redemption and maturity of:			
Financial assets at FVOCI (Note 7)	**404,660,863**	289,451,782	26,370,236
Short-term investments	**–**	–	7,441,238
Income tax paid	**(455,638)**	(925,948)	(19,284,939)
Net cash used in operating activities	**3,012,485**	(81,267,620)	(11,570,190)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
Investment property (Note 8)	**–**	–	201,388,000
Investment in a subsidiary – net of cash given up (Note 10)			1,749,000
Additions to property and equipment (Note 9)	**–**	–	(7,001)
Advances made to related parties (Note 18)	**–**	–	(3,444,007)
Additions to investment property (Note 8)	**–**	(17,324)	–
Increase in other noncurrent assets (Note 8)	**–**	–	(2,232,100)
Payments of subscription payable	**–**	–	(470,000)
Net cash provided by investing activities	**–**	(17,324)	196,983,892

Forward

	2020	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances made by a related party (Note 18)	**–**	–	335,359
Payments of:			
Lease liabilities (Note 12)	**(1,599,265)**	(1,179,879)	–
Interest on lease liabilities (Note 12)	**(64,988)**	(115,750)	–
Net cash provided by (used in) financing activities	**(1,664,253)**	(1,295,629)	335,359
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,348,232**	(82,580,573)	185,749,061
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**208,057,744**	290,638,317	104,889,256
CASH AND CASH EQUIVALENTS AT END OF YEAR	**P209,405,976**	P208,057,744	P290,638,317

NONCASH FINANCIAL INFORMATION			
Conversion of interest receivable to principal amount of notes receivable (Note 5)	**P1,665,277**	P–	P–
Transfer from other noncurrent assets to investment property (Note 8)	**–**	2,232,100	–
Transfer to investment property from other noncurrent assets (Note 8)	**–**	(2,232,100)	–
Initial recognition of ROU assets relating to lease of office space (Note 12)	**–**	3,022,341	–
Initial recognition of lease liabilities (Note 12)	**–**	(3,022,341)	–
Settlement of subscription payable upon deconsolidation of investment in EDSSI (Note 10)	**–**	–	(1,251,000)

See accompanying Notes to Financial Statements.

PHILCOMSAT HOLDINGS CORPORATION
(A Subsidiary of Philippine Communications Satellite Corporation)
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 December 31, 2020 and 2019:

	Percentage of Ownership			
	2020		2019	
	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.

Approval of the Consolidated Financial Statements
The consolidated financial statements of the Group as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 were approved and authorized for issue by the BOD on April 12, 2021.

2. Summary of Significant Accounting Policies

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 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, 2020:

- Amendments to PFRS 3, *"Definition of a Business"*

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  The amendments will apply on future business combinations of the Group, if any.

- Amendments to PAS 1 and PAS 8, *"Definition of Material"*

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

  The adoption of these amendments is not expected to have significant impact on the consolidated financial statements.

New Accounting Standards, Amendments to Existing Standards and Interpretations Effective Subsequent to December 31, 2020

The standards, amendments and interpretations which have been issued but not yet effective as at December 31, 2020 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, 2021

- Amendments to PFRS 16, "*Leases*"

  COVID-19-Related Rent Concessions (effective June 1, 2020). The amendments permit lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

  These amendments have no impact on the consolidated financial statements.

- 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 adaption for contracts with direct participation features (the variable fee approach)

  - A simplified approach (the premium allocation approach) mainly for short-duration contracts.

  PFRS 17 is effective for reporting periods beginning on or before January 1, 2021, with comparative figures required. Early application is permitted.

  The amendments are not applicable to the Group since the Group does not have activities that are predominantly connected with insurance or issue insurance contracts.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, "*Reference to the Conceptual Framework*"

  The amendments updated the reference to the "*Conceptual Framework*" and an exception to its requirement for an entity to refer to the "*Conceptual Framework*" to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should instead refer to PAS 37, "*Provisions, Contingent Liabilities and Contingent Assets*". This exception is to avoid an unintended consequence of updating the reference. Without the exception, an entity would have recognized some liabilities on the acquisition of a business that it would not recognize in other circumstances. Immediately after the acquisition, the entity would have had to derecognize such liabilities and recognize a gain that did not depict an economic gain.

  The amendments will apply on future business combinations of the Group, if any.

- Amendments to PAS 16, "*Property, Plant and Equipment - Proceeds before Intended Use*"

  The amendments prohibit from deducting the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

  The adoption of this amendment is not expected to have any significant impact on the consolidated financial statements.

- Amendments to PAS 37, "*Onerous Contracts - Cost of Fulfilling a Contract*"

  The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

  The adoption of this amendment is not expected to have any significant impact on the consolidated financial statements.

Annual Improvements to PFRSs 2018-2020 Cycle
The Annual Improvements to PFRSs (2018-2020 cycle) are effective for annual periods beginning 2022 and are not expected to have a material impact on the Company.

- Amendments to PFRS 1, "*Subsidiary as a First-time Adopter*"

  The amendment permits a subsidiary that measures the assets and liabilities at the carrying amounts that would be included in the parent's consolidated financial statements, based on the parent's date of transition to PFRSs, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary, to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to PFRSs.

  The adoption of this amendment is not expected to have any significant impact on the consolidated financial statements.

- Amendments to PFRS 9, "*Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*"

  The improvements clarify the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

  The adoption of this amendment is not expected to have any significant impact on the consolidated financial statements.

- Amendments to PFRS 16, "*Lease Incentives*"

  The amendment removes reimbursement relating to leasehold improvements. PFRS 16 does not contain explicit guidance on how to account for leasehold improvements made by the lessee or when reimbursements made by the lessor in respect of those leasehold improvements can be regarded as lease incentives. Thus, created some confusion on how a lessee should account for such reimbursement by stating that the lessee should apply the appropriate standard and should not account for the reimbursement as a lease incentive. The standard had not clearly explained the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

  The adoption of this amendment is not expected to have any significant impact on the consolidated financial statements.

- Amendments to PAS 41, "*Taxation in Fair Value Measurements*"

  The amendment removes the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in PFRS 13.

  The adoption of this amendment is not expected to have any significant impact on the consolidated financial statements.

Effective beginning on or after January 1, 2023

- 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 deferral of the effective date by two years, to annual reporting periods beginning on or after January 1, 2023, is intended to allow time for an orderly adoption of the amended PFRS 17 by jurisdictions. This should enable more insurers to implement the new Standard at the same 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.

- Amendments to PAS 1, "*Classification of Liabilities as Current or Non-current*"

  The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

  The adoption of this amendment is not expected to have any significant impact on the consolidated financial statements.

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 FSRC 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 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 the purposes of consolidation, PSTI prepares financial statements (unaudited) as of 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 December 31, 2020 and 2019, the Group's marketable securities, presented under "other current assets" are classified under this category (see Note 6).

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 December 31, 2020 and 2019, 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 December 31, 2020 and 2019, the Group designated its investments in quoted bonds, quoted 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 December 31, 2020 and 2019.

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 December 31, 2020 and 2019, the Group's accounts payable and accrued expenses, due to a related party and customers' deposits are classified under this category (see Notes 11, 12 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.

Other Current Assets
Other current 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.

Investment Property
Investment property is defined as a property, such as land or building, 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.

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.

Depreciation of an investment property is computed using the straight-line method over the estimated useful life of the asset. The Company's condominium unit recognized as an investment property has an estimated useful life of 40 years. The condominium unit's useful life and depreciation method are reviewed and adjusted, if appropriate, at each financial year-end.

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.

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 acquire 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 of 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 perform 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.

Rent Income

Rent income is recognized on a straight-line basis over the lease term since performance obligation is satisfied over time during the period when the Company gives the lessee the right to use the leased property.

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.

The Group as a Lessor
The Company has entered into lease agreements as a lessor. The Group determined that it retains significant risks and rewards of ownership on properties leased to tenants under operating lease agreements.

<u>Foreign Currency Transactions</u>
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 exercise 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 purposes 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.

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 P2.2 million as at December 31, 2020 and 2019 (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 and lessee. Until December 31, 2018, the Group accounted for its lease agreements as operating lease.

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.

On January 1 and September 1, 2019, the Group's lease agreements of its office space were renewed and it qualified as leases under PFRS 16.

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 in 2020, 2019 and 2018. The carrying amounts of financial assets at amortized cost and FVOCI are as follows:

	2020	2019
Cash and cash equivalents*	**P209,390,976**	P208,042,744
Receivables**	**249,803,823**	249,011,396
Due from related parties	**13,335,379**	13,255,799
Investment in quoted bonds measured at FVOCI	**669,389,023**	673,893,960

**excluding cash on hand amounting to P15,000 as at December 31, 2020 and 2019.*

***excluding advances subject to liquidation totalling P423,620 and P522,692 as at December 31, 2020 and 2019, respectively.*

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 P0.1 million as at December 31, 2020 and 2019 (see Notes 6 and 21).

The fair value of financial assets at FVOCI amounted to P1,018.9 million and P998.2 million as at December 31, 2020 and 2019, 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 P2.2 million as at December 31, 2020 and 2019 (see Note 8).

The carrying amount of property and equipment amounted to P14,208 and P69,835 as at December 31, 2020 and 2019, respectively (see Note 9).

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 in 2020, 2019 and 2018.

The carrying amounts of nonfinancial assets are as follows:

	2020	2019
Investment property	**P2,249,424**	P2,249,424
ROU asset	**237,777**	1,748,947
Advances subject to liquidation	**423,620**	522,692
Property and equipment	**14,208**	69,835
Other current assets*	**4,645,306**	4,178,716

**excluding financial assets at FVPL amounting to P86,760 and P112,065 as at December 31, 2020 and 2019, respectively.*

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 December 31, 2020 and 2019, 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 December 31, 2020 and 2019. No impairment loss was recognized in 2020 and 2019 (see Note 10).

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 Group recognized deferred tax assets as at December 31, 2020 and 2019 amounted to P43,653 and P413,222, respectively (see Note 17).

The Company did not recognize a portion of its deferred tax assets amounting to P5.4 million and P4.7 million as at December 31, 2020 and 2019, 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).

4. Cash and Cash Equivalents

This account consists of:

	2020	2019
Cash on hand and in banks	**P48,445,469**	P36,015,079
Cash equivalents	**160,960,507**	172,042,665
	P209,405,976	P208,057,744

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 deposits rates.

Interest income earned from cash in banks and cash equivalents amounted to P2.6 million in 2020, P9.5 million in 2019 and P9.2 million in 2018 (see Note 13).

5. Receivables

This account consists of:

	2020	2019
Notes and loans receivable		
Promissory notes issued by various financial institutions	**P132,267,379**	P134,966,588
Corporate notes (Note 18)	**110,564,269**	108,905,002
Interest receivable	**5,749,103**	3,923,356
Retainer fee receivable	**1,107,449**	978,548
Advances subject to liquidation	**423,620**	522,692
Dividend receivable	**28,091**	157,535
Others	**99,799**	92,634
	250,239,710	249,546,355
Less allowance for ECL	**(12,267)**	(12,267)
	250,227,443	249,534,088
Less noncurrent portion	**(8,000,000)**	(37,000,000)
Current portion of receivables	**P242,227,443**	P212,534,088

Movements in the allowance for ECL are summarized below:

	2020	2019	2018
Balance at beginning of year	**P12,267**	P58,000	P58,000
Additions (Note 14)	**–**	12,267	–
Reversal	**–**	(58,000)	–
Balance at end of year	**P12,267**	P12,267	P58,000

Notes and Loans Receivable

Corporate Notes

Corporate notes outstanding as at December 31, 2020 and 2019 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 P12.3 million in 2020, P11.0 million in 2019 and P4.8 million in 2018 (see Note 13).

Interest receivable amounting to P1.7 million was converted to principal amount of notes receivable. This transaction is considered as a noncash financial information in the consolidated statements of cash flows.

Retainer Fee Receivable

This account consists of retainer fee receivables which are collectible on demand and are noninterest-bearing.

Advances Subject to Liquidation

Advances subject to liquidation pertains mainly to advances made to officers for operations of the Group.

6. Other Current Assets

This account consists of:

	2020	2019
Creditable withholding tax	**P2,902,452**	P2,627,645
Input VAT	**1,742,854**	1,551,071
Financial assets at FVPL (Note 16)	**86,760**	112,065
	P4,732,066	P4,290,781

The fair value of financial assets at FVPL is determined based on 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 value measurement of financial assets measured at FVPL is classified as Level 1.

7. Financial Assets at FVOCI

This account consists of:

	2020	2019
Investments in:		
Quoted bonds	**P669,389,023**	P673,893,960
Quoted shares of stocks	**239,241,502**	215,308,854
UITFs	**104,934,624**	103,889,837
Club memberships	**5,300,000**	5,100,000
	P1,018,865,149	P998,192,651

Movements of financial assets at FVOCI and cumulative unrealized gain (loss) on financial assets at FVOCI are as follows:

	2020	2019	2018
Cost			
Balance at beginning of year	**P999,812,997**	P962,714,559	P873,944,810
Additions	**420,412,719**	324,494,312	116,937,793
Disposals	**(400,195,664)**	(287,395,874)	(28,168,044)
Balance at end of year	**1,020,030,052**	999,812,997	962,714,559
Cumulative Unrealized Gain (Loss)			
Balance at beginning of year	**(1,620,346)**	(39,864,383)	5,375,694
Unrealized fair value gain (loss) during the year	**4,920,642**	40,299,945	(45,828,850)
Reclassification of cumulative fair value changes of debt instruments measured at FVOCI sold to profit or loss (Note 16)	**(2,940,907)**	2,687,077	–
Reclassification of cumulative fair value changes of equity instruments measured at FVOCI sold to retained earnings	**(1,524,292)**	(4,742,985)	588,773
Balance at end of year	**(1,164,903)**	(1,620,346)	(39,864,383)
Carrying amount	**P1,018,865,149**	P998,192,651	P922,850,176

Interest income earned from financial assets at FVOCI amounted to P26.5 million in 2020, P24.0 million in 2019 and P16.5 million in 2018 (see Note 13).

Dividend income earned from financial assets at FVOCI amounted to P6.5 million in 2020, P7.8 million in 2019 and P6.8 million in 2018 (see Note 13).

Realized gain (loss) on sale of debt instruments at FVOCI recognized directly to profit or loss amounted to P2.9 million in 2020, (P2.7 million) in 2019 and nil in 2018.

Realized gain (loss) on sale of equity instruments at FVOCI recognized directly to retained earnings amounted to P1.5 million in 2020, P4.7 million in 2019 and (P0.6 million) in 2018.

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 in 2020, 2019 and 2018.

8. Investment Property

Movements of the account are as follows:

	2020	2019
Balance at beginning of year	**P2,249,424**	P–
Transfer from noncurrent assets	–	2,232,100
Additions	–	17,324
Disposal	–	–
Balance at end of year	**P2,249,424**	P2,249,424

The investment property represents parcel of land of one thousand two hundred (1,200) square meters located at Pasinay, Bagac, Bataan.

The acquisition cost and transaction costs advanced in 2018 was presented under other noncurrent asset in the consolidated statements of financial position.

On January 16, 2019, the land title was transferred to the name of PMEI. The amount under other noncurrent asset account amounting to P2,232,100 was transferred under investment property in the consolidated statements of financial position. This transaction is considered as a noncash financial information in the statements of cash flows.

Additional transaction costs were incurred in connection with the processing of transfer of land title to the PMEI amounting to P17,324 in 2019.

The Group's investment property in 2018 pertains to a condominium unit located at 2nd Floor Pacific Star Building, Sen. Gil Puyat Avenue, Makati City.

The condominium unit with a net carrying value of P102.3 million was sold in 2018 for P201.4 million, resulting to a gain on sale amounting to P99.1 million (see Note 13). The Parent Company leased a portion of the condominium unit commencing on January 1, 2018 and ended on the date of sale of investment property (see Note 12).

Depreciation expense from the investment property amounting to P1,503,130 is recognized as part of cost of services in 2018 (see Note 14).

There are no direct operating expenses arising from investment property that did not generate rental income during the periods.

The Company did not engage the services of a qualified independent appraiser for the valuation of its investment property. The management believes that the carrying amount approximates its fair value, thus, no impairment loss was recognized in 2020 and 2019.

The investment property is not pledged as security for liabilities to related parties as at December 31, 2020 and 2019.

9. Property and Equipment

Movements in this account are as follows:

	2019	Additions	Disposals	**2020**
Cost				
Transportation equipment	P5,011,638	P–	P–	**P5,011,638**
Furniture and fixtures	3,528,775	–	–	**3,528,775**
Office equipment	1,187,730	–	–	**1,187,730**
Office improvement	39,325	–	–	**39,325**
	9,767,468	–	–	**9,767,468**
Less accumulated depreciation				
Transportation equipment	4,985,251	12,179	–	**4,997,430**
Furniture and fixtures	3,528,775	–	–	**3,528,775**
Office equipment	1,144,282	43,448	–	**1,187,730**
Office improvement	39,325	–	–	**39,325**
	9,697,633	55,627	–	**9,753,260**
	P69,835			**P14,208**

	2018	Additions	Disposals	2019
Cost				
Transportation equipment	P5,011,638	P–	P–	P5,011,638
Furniture and fixtures	3,528,775	–	–	3,528,775
Office equipment	1,187,730	–	–	1,187,730
Office improvement	39,325	–	–	39,325
	9,767,468	–	–	9,767,468
Less accumulated depreciation				
Transportation equipment	4,952,685	32,566	–	4,985,251
Furniture and fixtures	3,528,775	–	–	3,528,775
Office equipment	1,090,007	54,275	–	1,144,282
Office improvement	39,325	–	–	39,325
	9,610,792	86,841	–	9,697,633
	P156,676			P69,835

Depreciation expense from property and equipment is allocated as follows:

	2020	2019	2018
Cost of services (Note 14)	**P–**	P440	P873
General and administrative expenses (Note 14)	**55,627**	86,401	129,157
	P55,627	P86,841	P130,030

Fully-depreciated property and equipment being used by the Company amounted to P9.7 million as at December 31, 2020 and 2019.

10. Business Combination and Goodwill

Acquisition and Disposal of EDSSI
On December 5, 2017, the Group, through PMEI, obtained control of Elite Defense Security Services, Inc. (EDSSI), a security manpower agency, by acquiring 82.69 percent of EDSSI's outstanding shares and voting interest for a total consideration of P3.7 million. Subscriptions payable related to the acquisition amounted to P1.7 million as at December 31, 2017, P470,000 of which was paid in 2018.

The identifiable assets and liabilities of EDSSI at the date of acquisition are as follows:

Cash	P1,085,590
Receivables	466,796
Property and equipment	242,117
	P1,794,503

Goodwill was recognized as a result of the acquisition as follows:

Total consideration transferred	P3,721,000
Noncontrolling interest	778,990
Fair value of identifiable assets	(1,794,503)
Goodwill	P2,705,487

In 2018, the Group disposed of its investment in EDSSI for P3.0 million and deconsolidated EDSSI's assets and liabilities and the remaining unpaid subscriptions from the Group's consolidated balances, resulting to gain on disposal of P25,076. Accordingly, the goodwill related to the acquisition of EDSSI amounting to P2.7 million was also derecognized in 2018.

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% in 2020, 2019 and 2018. Cash flows beyond that five-year period have been extrapolated using the Group's average historical growth rate.

No impairment on goodwill was recognized in 2020, 2019 and 2018.

11. Trade and Statutory Payables

This account consists of:

	2020	2019
Accounts payable and accrued expenses	**P2,145,630**	P244,248
Statutory payables	**762,989**	562,704
	P2,908,619	P806,952

Accounts payable are noninterest-bearing and are normally settled on a 30-day credit term.

Accrued expenses pertain primarily to accrued trust and brokers' fees and dues and subscriptions.

Statutory payables pertain to expanded withholding taxes and other payables to government agencies remitted in the subsequent month.

12. 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 2019, 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:

	2020	2019	2018
Depreciation on ROU assets	**P1,511,170**	P1,273,394	P–
Interest on lease liabilities	**64,988**	115,750	–
Rent expense (Note 12)	**–**	235,024	1,433,430
	P1,576,158	P1,624,168	P1,433,430

Movements in the ROU assets as at December 31, 2020 and 2019 are presented below:

	Amount
Balance as at January 1, 2019	P–
Additions	3,022,341
Depreciation (Note 14)	(1,273,394)
Balance as at December 31, 2019	1,748,947
Additions	–
Depreciation (Note 14)	(1,511,170)
Balance as at December 31, 2020	**P237,777**

Depreciation expense from the ROU assets is allocated as follows:

	2020	2019
Cost of services	**P106,999**	P35,666
General and administrative expenses	**1,404,171**	1,237,728
	P1,511,170	P1,273,394

Movements in the lease liabilities as at December 31, 2020 and 2019 are presented below:

	Amount
Balance as at January 1, 2019	P–
Additions	3,022,341
Interest expense (Note 14)	115,750
Payments	(1,295,629)
Balance as at December 31, 2019	1,842,462
Additions	–
Interest expense (Note 14)	64,988
Payments	(1,664,253)
Balance as at December 31, 2020	**P243,197**

Total cash outflows for the payment of lease liabilities amounted to P1.7 million in 2020 and P1.3 million in 2019.

The present value of the minimum lease payments for each of the following periods are as follows:

	2020	2019
Not later than one year	**P243,197**	P1,599,266
More than one year but not later than five years	–	243,196
More than five years	–	–
	P243,197	P1,842,462

The future minimum lease payments for each of the following periods are as follows:

	2020	2019
Not later than one year	**P246,775**	P1,664,252
More than one year but not later than five years	–	246,775
More than five years	–	–
Total minimum lease obligation	**246,775**	1,911,027
Less future finance charges on lease liabilities	**3,578**	68,565
	P243,197	P1,842,462

The Company's minimum lease payments are as follows:

December 31, 2020	**Minimum lease payments**	**Interest**	**Principal**
Not later than one year	**P246,775**	**P3,578**	**P243,197**
More than one year but not later than five years	–	–	–
More than five years	–	–	–
	P246,775	**P3,578**	**P243,197**

December 31, 2019	Minimum lease payments	Interest	Principal
Not later than one year	P1,664,252	P64,987	P1,599,265
More than one year but not later than five years	246,775	3,578	243,197
More than five years	–	–	–
	P1,911,027	P68,565	P1,842,462

The Group as a Lessor

The Group previously leased a portion of its condominium unit located at 2nd Floor Pacific Star Building, Gil Puyat Avenue, Makati City to a certain tenant. Monthly rental subject to a 5% annual escalation amounted to P1.0 million commencing on January 1, 2018 and ended when the Company sold the investment property in the second quarter of 2018. The Company also leased out parking slots to a certain tenant in 2018. Rental deposit received amounting to P1.2 million and P4.4 million as at December 31, 2018 and 2017, respectively, is shown as "Customers' deposits" account in the consolidated statements of financial position. This will be refunded at the end of the lease term. The Group has not yet refunded the rental deposit.

Rent income from the said lease amounted to nil in 2020 and 2019, and P4.4 million in 2018 (see Note 13).

13. Revenue

Disaggregation of revenue is as follows:

	2020	2019	2018
Revenue:			
Interest income	**P41,395,461**	P44,589,348	P30,953,374
Dividend income (Notes 7 and 27)	**6,530,384**	7,780,909	6,811,846
Retainer fee	**5,755,643**	4,939,143	2,012,316
Stock transfer fee	**120,325**	268,534	54,555
Rent income (Note 12)	**–**	–	4,359,200
Service fee (Note 15)	**–**	–	4,164,129
Other service fee	**459,059**	713,992	267,411
	P54,260,872	P58,291,926	P48,622,831
Gain on sale of investment property (Note 8)	**P–**	P–	P99,112,936

Interest income included in revenue as shown in the consolidated statements of income is earned from the following:

	2020	2019	2018
Cash and cash equivalents (Note 4)	**P2,551,729**	P9,524,726	P9,209,346
Short-term investments	**–**	–	441,238
Receivables (Note 5)	**12,317,701**	11,015,574	4,841,412
Financial assets at FVOCI (Note 7)	**26,526,031**	24,049,048	16,461,378
	P41,395,461	P44,589,348	P30,953,374

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

14. Costs and Expenses

This account consists of:

	2020	2019	2018
Cost of services:			
Professional fee	**P1,436,236**	P1,583,976	P630,344
Salaries and other benefits	**1,404,344**	1,335,397	736,056
Transportation and travel	**244,247**	263,088	–
Depreciation (Notes 8, 9 and 12)	**106,999**	36,106	1,373,973
Communication, light and water	**96,845**	168,279	45,581
Dues and subscription	**61,416**	51,967	28,346
Rent (Note 12)	**–**	164,516	134,504
Project costs (Note 15)	**–**	–	4,645,029
	3,350,087	3,603,329	7,593,833
General and administrative expenses:			
Professional fees	**12,414,653**	12,546,320	11,382,253
Taxes and licenses	**6,266,800**	5,335,030	1,033,015
Directors' fees (Note 18)	**3,945,241**	3,550,000	5,840,000
Representation and entertainment	**2,343,501**	1,986,151	3,275,659
Bank charges (Note 28)	**1,588,608**	1,453,534	26,578
Depreciation (Notes 8, 9 and 12)	**1,459,798**	1,324,129	129,157

Forward

	2020	2019	2018
Transportation and travel	**1,244,261**	1,451,450	1,634,355
Legal fees	**874,409**	932,169	2,121,209
Office supplies	**267,861**	197,631	481,834
Dues and subscription	**198,721**	193,504	702,258
Advertising (Note 28)	**159,393**	37,000	72,000
Communication, light and water	**147,492**	326,958	234,400
Interest expense (Note 12)	**64,988**	115,750	–
Trainings and seminars (Note 28)	**59,338**	109,460	111,413
Repairs and maintenance	**22,162**	15,637	341,130
Insurance	**2,744**	23,464	142,825
Rent (Note 12)	**–**	70,508	1,298,926
Provision for ECL (Note 5)	**–**	12,267	–
Others (Note 28)	**183,291**	167,359	268,416
	31,243,261	29,848,321	29,095,428
	P34,593,348	P33,451,650	P36,689,261

15. Service Contracts

The Group, through PMEI, entered into a project with the government in 2018 as follows:

Project	Percentage of Completion	Service Fees	Project Costs
2018 Project – Managed VSAT Services	100%	P4,164,129	P4,645,029

Projects costs incurred consist of contracted services for the installation of the VSATs.

Service fees and project costs pertaining to each project are recognized based on percentage of completion.

16. Other Income (Charges)

	2020	2019	2018
Realized gain (loss) on sale of debt instruments measured at FVOCI (Note 7)	**P2,940,907**	(P2,687,077)	P–
Unrealized foreign exchange gain (loss)	**(3,216,279)**	(2,017,103)	2,501,390
Unrealized gain (loss) on financial assets at FVPL (Note 6)	**(25,305)**	(1,205)	19,003
	(P300,677)	(P4,705,385)	P2,520,393

17. Income Tax

The composition of provision for current income tax is as follows:

	2020	2019	2018
RCIT	**P164,956**	P–	P19,248,514
MCIT	**143,235**	202,399	29,436
	P308,191	P202,399	P19,277,950

The Parent Company's income tax was computed using the Optional Standard Deduction (OSD) in 2018.

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:

	2020	2019	2018
Income tax at statutory rate	**P5,810,054**	P6,040,467	P34,069,908
Change in unrecognized deferred tax assets	**5,374,309**	4,743,826	(4,288,555)
Add (deduct) tax effects of:			
Nontaxable:			
Unrealized loss (gain) on financial assets at FVPL	**7,592**	362	(5,701)
Gain on sale of subsidiary	**–**	–	(7,523)
Difference between OSD and itemized deductions	**–**	–	(4,914,551)
Realized loss (gain) on sale of debt instruments measured at FVOCI	**(882,272)**	806,123	–
Dividend income	**(1,959,116)**	(2,334,273)	(2,043,554)
Interest income already subjected to final tax	**(10,270,114)**	(11,813,607)	(7,833,455)
Nondeductible expenses	**2,469,947**	1,996,790	667,590
Expired NOLCO and MCIT	**–**	77,202	4,112,213
	P550,400	(P483,110)	P19,756,372

The components of the recognized net deferred tax assets of the Group are as follows:

	2020	2019
NOLCO	**P22,233**	P279,838
MCIT	**17,740**	129,704
Allowance for doubtful accounts	**3,680**	3,680
	P43,653	P413,222

The components of the Group's unrecognized deferred tax assets are as follows:

	2020	2019
NOLCO	**P4,886,717**	P3,986,798
Unrealized foreign exchange loss	**359,753**	605,131
MCIT	**127,839**	151,897
	P5,374,309	P4,743,826

The Parent Company did not recognize deferred tax assets amounting to P5.4 million in 2020 and P4.7 million in 2019, 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.

Details of NOLCO are as follows:

Year Incurred	Expiry Year	Amount	Applied	Expired	Balance
2018	2021	P818,626	P–	P–	P818,626
2019	2022	13,289,327	–	–	13,289,327
2020	2025	16,289,059	–	–	16,289,059
		P30,397,012	P–	P–	P30,397,012

Details of MCIT are as follows:

Year Incurred	Expiry Year	Amount	Applied	Expired	Balance
2017	2020	P49,766	P49,766	P–	P–
2018	2021	29,436	29,436	–	–
2019	2022	202,399	48,158	–	154,241
2020	2023	143,235	–	–	143,235
		P424,836	P127,360	P–	P297,476

18. Related Party Transactions

The Company has transactions with related parties as follows:

	Nature of Transaction	Amount of Transactions (in millions) 2020	2019	2018	Outstanding Balance (in millions) 2020	2019
Included under "Receivables" (Note 5)						
Company under Common Control						
MBCI*	Notes receivable	**P–**	P20.0	P6.5	**P48.8**	P48.8
MBCI	Interest Income	**3.7**	2.5	0.2	**–**	0.3
Immediate Parent						
Philcomsat	Notes receivable	**20.0**	14.0	–	**34.0**	14.0
Philcomsat	Interest Income	**0.7**	0.1	–	**0.3**	0.1
					P83.1	P63.1

**Montemar Beach Club Inc. (MBCI)*

	Nature of Transaction	2020	2019	2018	Outstanding Balance 2020	2019
Presented under "Due from Related Parties"						
Company under Common Control						
MBCI	Cash advances	**P–**	(P3.9)	P–	**P9.6**	P9.6
MRDC*	Cash advances	**–**	–	–	**0.3**	0.3
Immediate Parent						
Philcomsat	Cash advances	**0.1**	–	–	**3.5**	3.4
Subsidiary						
PMEI	Cash advances	**–**	–	–	**0.6**	0.6
					P14.0	P13.9

*Montemar Resort Development Corp. (MRDC)

	Nature of Transaction	2020	2019	2018	Outstanding Balance 2020	2019
Presented under "Lease Liabilities" (Note 12)						
Immediate Parent						
Philcomsat	Lease of office space	**(P1.6)**	(P1.2)	P–	**P0.2**	P1.8
Philcomsat	Interest expense	**(0.1)**	(0.1)	–	**–**	–
					P0.2	P1.8
Presented under "Due to a Related Party"						
Immediate Parent						
Philcomsat	Advances for project costs	**P–**	P–	P0.3	**P3.9**	P3.9
Presented under "Deposit for Future Stock Subscription"						
Immediate Parent						
Philcomsat	Future subscription	**P–**	P–	P–	**P18.9**	P18.9

	Nature of Transaction	Amount of Transactions (in millions) 2020	2019	2018	Outstanding Balance (in millions) 2020	2019
Included under "Costs and Expenses" (Note 14)						
Immediate Parent						
Philcomsat	Rent of office space	**P–**	(P0.2)	(P1.4)	**P–**	P–
Philcomsat	Association dues	**(0.3)**	(0.2)	(0.2)	**–**	–
Philcomsat	Utilities	**(0.1)**	(0.2)	(0.1)	**–**	–
Subsidiary						
PSTI	Professional fee as stock transfer agent	**(0.2)**	(0.2)	(0.2)	**–**	–
					P–	P–

The outstanding balance of cash advances to PMEI amounting to P0.6 million in 2020 and 2019 were eliminated in the consolidation.

The amount of transactions with PSTI amounting to P0.2 million in 2020, 2019 and 2018 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 in 2020 since the counterparties have sufficient liquid assets to settle the unpaid amounts as at reporting period. This assessment is undertaken at 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 term is 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 of 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 P3.9 million in 2020, P3.6 million in 2019 and P5.8 million in 2018 (see Note 14).

The Company does not have any regular employees. The accounting and management services are under the management of Philcomsat.

19. Earnings Per Share

Basic/diluted earnings per share is computed as follows:

	2020	2019	2018
Net income	**P18,816,447**	P20,618,001	P93,809,987
Weighted average number of shares outstanding	**996,391,254**	996,391,254	996,391,254
	P0.0189	P0.0207	P0.0941

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 in 2020, 2019 and 2018.

	Increase (Decrease) in PSEi	Increase (Decrease) in Other Comprehensive Income
2020	**10%**	**P23,489,183**
	(35%)	**(84,317,292)**
2019	8%	16,649,174
	(4%)	(9,628,656)
2018	21%	43,271,778
	(7%)	(13,658,584)

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, 2020, 2019 and 2018.

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, 2020, 2019 and 2018, 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 in 2020, 2019 and 2018.

	Increase (Decrease) in PHP BVAL	Increase (Decrease) in Other Comprehensive Income
2020	**98%**	**P658,959,070**
	(1%)	**(47,870,809)**
2019	73%	493,016,241
	(1%)	(5,476,114)
2018	22%	133,984,842
	(33%)	(199,564,529)

Foreign Exchange Risk

The Group's foreign-currency denominated financial instrument consists of cash in banks and cash equivalents totaling US$1.6 million and US$1.1 million as at December 31, 2020 and 2019. 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.

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:

	2020	2019
Cash and cash equivalents*	**P209,390,976**	P208,042,744
Receivables**	**249,803,823**	249,011,396
Due from related parties	**13,335,379**	13,255,799
Financial assets at FVPL***	**86,760**	112,065
Financial assets at FVOCI	**1,018,865,149**	998,192,651

**excluding cash on hand amounting to P15,000 as at December 31, 2020 and 2019.*

***excluding advances subject to liquidation amounting to P423,620 and P522,692 as at December 31, 2020 and 2019, respectively.*

****presented under other current assets.*

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:

	2020				
	On Demand	**1 to 3 months**	**3 to 12 months**	**More than 12 months**	**Total**
Accounts payable and accrued expenses	**P–**	**P2,145,630**	**P–**	**P–**	**P2,145,630**
Due to a related party	**3,948,624**	**–**	**–**	**–**	**3,948,624**
Customers' deposits	**1,237,874**	**–**	**–**	**–**	**1,237,874**
Lease liabilities	**–**	**90,458**	**152,739**	**–**	**243,197**
	P5,186,498	**P2,236,088**	**P152,739**	**P–**	**P7,575,325**

	2019				
	On Demand	1 to 3 months	3 to 12 months	More than 12 months	Total
Accounts payable and accrued expenses	P–	P244,248	P–	P–	P244,248
Due to a related party	3,948,624	–	–	–	3,948,624
Customers' deposits	1,237,874	–	–	–	1,237,874
Lease liabilities	–	296,533	1,302,732	–	1,599,265
	P5,186,498	P540,781	P1,302,732	P–	P7,030,011

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

	2020		2019	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Cash and cash equivalents	**P209,405,976**	**P209,405,976**	P208,057,744	P208,057,744
Receivables*	**249,803,823**	**249,803,823**	249,011,396	249,011,396
Due from related parties	**13,335,379**	**13,335,379**	13,255,799	13,255,799
Financial assets at FVPL**	**86,760**	**86,760**	112,065	112,065
Financial assets at FVOCI:				
Quoted bonds	**669,389,023**	**669,389,023**	673,893,960	673,893,960
Quoted shares of stocks	**239,241,502**	**239,241,502**	215,308,854	215,308,854
UITFs	**104,934,624**	**104,934,624**	103,889,837	103,889,837
Club memberships	**5,300,000**	**5,300,000**	5,100,000	5,100,000
	P1,491,497,087	**P1,491,497,087**	P1,468,629,655	P1,468,629,655

**excluding advances subject to liquidation totaling P423,620 and P522,692 as at December 31, 2020 and 2019, respectively.*

***presented under other current assets.*

Financial Liabilities

	2020		2019	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Accounts payable and accrued expenses	**P2,145,630**	**P2,145,630**	P244,248	P244,248
Due to a related party	**3,948,624**	**3,948,624**	3,948,624	3,948,624
Customers' deposits	**1,237,874**	**1,237,874**	1,237,874	1,237,874
Lease liabilities	**243,197**	**243,197**	1,599,265	1,599,265
	P7,575,325	**P7,575,325**	P7,030,011	P7,030,011

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% in 2020 and 2019. 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.

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:

	2020	2019
Total Debt	**P27,232,314**	P26,729,912
Total Equity	**1,473,198,190**	1,452,402,008
Debt-to-equity ratio	**0.02:1**	0.02:1

23. Changes in Liabilities Arising from Financing Activities

The following table summarizes the changes in liabilities arising from financing activities as at December 31, 2020 and 2019:

	2019	Additions	Payments	**2020**
Recognition of lease liabilities	P1,842,462	P–	P1,599,265	**P243,197**

	2018	Additions	Payments	2019
Recognition of lease liabilities	P–	P3,022,341	P1,179,879	P1,842,462

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 13, was assigned to the operating segments as follows:

Revenue as Disaggregated	Operating Segment
Interest income	Investing of funds
Dividend income	Investing of funds
Rent income	Investing of funds
Service fees	Service agreement with the government / 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 of funds
Gain on sale of investment property	Investing of 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:

2020				
Segment	**Investing of Funds**	**Management Services**	**Stock Transfer Agency**	**Total**
Segment revenue	**P47,925,845**	**P–**	**P6,335,027**	**P54,260,872**
Segment profit	**18,310,114**	**–**	**506,333**	**18,816,447**
Interest income	**9,524,726**	**–**	**–**	**9,524,726**
Depreciation	**1,210,133**	**–**	**356,664**	**1,566,797**
Provision for income tax	**127,839**	**206,479**	**216,082**	**550,400**
Total assets	**1,465,829,012**	**30,918,852**	**3,682,640**	**1,500,430,504**
Total liabilities	**22,126,243**	**4,621,183**	**484,888**	**27,232,314**

2019				
Segment	Investing of Funds	Service Agreements with the Government	Stock Transfer Agency	Total
Segment revenue	P52,370,257	P–	P5,921,669	P58,291,926
Segment profit	52,999,774	–	2,316,933	55,316,707
Interest income	9,209,346	–	–	9,209,346
Depreciation	1,239,882	–	120,353	1,360,235
Provision for (benefit from) income tax	(598,520)	(34,250)	149,660	(483,110)
Total assets	1,445,354,720	30,156,591	3,620,609	1,479,131,920
Total liabilities	21,364,100	4,601,866	763,946	26,729,912

2018				
Segment	Investing of Funds	Service Agreements with the Government	Stock Transfer Agency	Total
Segment revenue	P42,234,755	P4,189,205	P2,198,871	P48,622,831
Segment profit (loss)	119,975,120	(432,835)	2,216,316	121,758,601
Gain on settlement of loan receivable	99,112,396	–	–	99,112,396
Interest income	30,953,374	–	–	30,953,374
Depreciation	1,373,100	–	–	1,373,100
Provision for (benefit from) income tax	19,998,931	(194,462)	(48,097)	19,756,372
Total assets	1,386,096,610	29,852,683	2,866,925	1,418,816,218
Total liabilities	29,945,758	–	73,475	30,019,233

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:

2020

	Reportable Segments	Not Attributable to Reportable Segments	Consolidated Balances
Revenue	P54,260,872	P–	P54,260,872
Cost and expenses	(3,350,087)	(31,243,261)	(34,593,348)
Other charges	(300,677)	–	(300,677)
Income before income tax	50,610,108	(31,243,261)	19,366,847
Benefit from income tax	550,400	–	550,400
Net income	P50,059,708	(P31,243,261)	P18,816,447
Assets	P1,499,111,075	P1,319,429	P1,500,430,504
Liabilities	P27,232,314	P–	P27,232,314

2019

	Reportable Segments	Not Attributable to Reportable Segments	Consolidated Balances
Revenue	P58,291,926	P–	P58,291,926
Cost and expenses	(5,946,035)	(27,505,615)	(33,451,650)
Other income	(4,705,385)	–	(4,705,385)
Income before income tax	47,640,506	(27,505,615)	20,134,891
Provision for income tax	(483,110)	–	(483,110)
Net income	P48,123,616	(P27,505,615)	P20,618,001
Assets	P1,477,812,491	P1,319,429	P1,479,131,920
Liabilities	P26,729,912	P–	P26,729,912

2018

	Reportable Segments	Not Attributable to Reportable Segments	Consolidated Balances
Revenue	P48,622,831	P–	P48,622,831
Cost and expenses	(8,740,647)	(27,948,614)	(36,689,261)
Gain on settlement of loan receivable	99,112,396	–	99,112,396
Other charges	2,520,393	–	2,520,393
Income before income tax	141,514,973	(27,948,614)	113,566,359
Provision for income tax	19,756,372	–	19,756,372
Net income	P121,758,601	(P27,948,614)	P93,809,987
Assets	P1,416,203,526	P2,612,692	P1,418,816,218
Liabilities	P30,019,233	P–	P30,019,233

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 2020, 2019 and 2018, which cannot be directly attributed to any reportable segment.

25. 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).

26. 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 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.

- 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 Apellant'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 its 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 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 Parent 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 (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. Brodett manifested that he will file his Motion for Reconsideration of the said Decision. On July 1, 2020, PHC filed its Consolidated Comment/Opposition thereto. The case was promulgated on December 2, 2020 and Brodett's conviction was affirmed. He then filed an appeal.

- 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 Locsin and Andal for Alleged Excessive Amounts of Salaries and Bonuses

  On September 11, 2006, the Parent Company filed a complaint against Locsin and Andal with the office of the Ombudsman seeking for the latter to file criminal and administrative charges against the accused for alleged excessive amounts of salaries and bonuses from the Parent Company for their personal gain, and in clear violation of Memorandum Circulars which limit the salary received by public officials. The Ombudsman filed Informations for Violation of the Anti-Graft and Corrupt Practices Act on December 7, 2011 against both Andal and Locsin with the Sandiganbayan for receiving a total of P15.0 million and P11.0 million, respectively, from 2003 to 2005, from the Parent Company.

Due to the need for the prosecution's witness to identify, and testify on, voluminous accounting records showing the guilt of the accused, the Court ordered the parties to enter into a stipulation of facts to expedite the proceedings. Andal, through counsel, stipulated on the facts propounded by the Prosecution. During the hearing on September 28, 2017, Locsin, through counsel, asked for time to study the prosecution's documents. On July 17, 2018, the prosecution's witness completed her testimony.

The prosecution has already filed its Formal Offer of Evidence and rested its case. On November 29, 2018, accused Andal with leave of court filed a Demurrer to Evidence while accused Locsin filed his own on December 3, 2018. On July 5, 2019, the Sandiganbayan issued a Resolution which a) granted the accused Demurrers to Evidence; b) dismissed the cases against them; c) lifted and set aside the Hold Departure Orders against them; and d) ordered released the bail bonds they posted, if any. On July 30, 2019, the Private Prosecution filed its Motion for Reconsideration of the said Resolution on the civil aspect of the case, which was denied in a Resolution dated October 25, 2019. The Parent Company decided not to pursue the case with the Supreme Court.

- 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. To date, no Comment to PHC's Motion for Reconsideration has yet been filed or received from Poblador. 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.

27. Impact of Coronavirus of 2019 (COVID-19) Update

The Group derives its income from money market placements, bank deposits and other financial assets and investments. The Group maintained its portfolio during the government-mandated lockdown of the National Capital Region. The Company did not make any new investments during the first month of the lockdown; fixed-income investments which matured during the period were extended on a monthly basis. During this time, each issue in the portfolio was evaluated to determine the effects of COVID19 on operations. In the second half of the year, the Group invested in selected new corporate issues as they were offered.

28. Events After the Reporting Period

The Corporate Recovery and Tax Incentives for Enterprises (CREATE) has been signed by the President on March 26, 2021 as RA No. 11534.

The following are the key provisions of the CREATE law that are relative to the Group:

Corporate Income Tax (CIT)

- Starting July 1, 2020, CIT rate for corporations is reduced as follows:

  a. Reduced CIT rate of 20% are applicable to domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 Million (excluding land on which the business entity's office, plant and equipment are situated).

  b. Reduced CIT rate of 25% is applicable to all other domestic and resident foreign corporations.

- For the period beginning July 1, 2020 until June 30, 2023, minimum corporate income tax rate is 1%, instead of 2%.

Deductions from Gross Income

Due to the reduction in CIT rate, interest arbitrage is reduced to 20% of interest income subjected to final tax, and will be further adjusted in case final tax on interest income will be adjusted in the future.

Effect of changes in tax rates on current and unrecognized deferred tax assets are as follows:

Regular Corporate Income Tax

	Tax due at 30%	Tax due at 30% and 20%	Difference
Taxable income	P549,851	P549,851	
Tax due	P164,956	P137,463	P27,493

Minimum Corporate Income Tax

	Tax due at 2%	Tax due at 2% and 1%	Difference
Taxable income	P7,161,748	P7,161,748	
Tax due	P143,235	P107,426	P35,809

Deferred Tax Assets

	Tax due at 30%	Tax due at 20%	Difference
NOLCO	P22,233	P14,822	P7,411
MCIT	17,740	13,891	3,849
Allowance for doubtful accounts	3,680	2,453	1,227
	P43,653	P31,166	P12,487

Unrecognized Deferred Tax Assets

	Tax due at 30%	Tax due at 25%	Difference
NOLCO	P4,886,717	P4,057,226	P829,491
Unrealized foreign exchange loss	964,884	804,070	160,814
MCIT	127,839	78,393	49,446
	P5,979,440	P4,939,689	P1,039,751

The effect of changes in tax rates will be recognized in the Group's 2021 consolidated financial statements.

MOORE

M&Q

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PRC/BOA Accreditation No. 0966
September 22, 2020, valid until
August 22, 2023
SEC Accreditation No. 0966-SEC (Group A)
Issued November 24, 2020
Valid for Financial Periods 2020 to 2024

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Philcomsat Holdings Corporation and Subsidiaries
12th Floor Telecom Plaza Building
316 Sen. Gil Puyat Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Philcomsat Holdings Corporation and Subsidiaries (the Group) as at and for the years ended December 31, 2020 and 2019, included in this Form 17-A and have issued our report thereon dated April 12, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary schedules required by paragraph 7, Part II of Revised Securities Regulation Code (SRC) Rule 68 (Annex 68-J), Reconciliation of Retained Earnings Available for Dividend Declaration and Map Showing the Relationships Between and Among the Companies in the Group, its Ultimate Parent Company and Co-Subsidiaries are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised SRC Rule 68 (2019), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

For the Firm: **MENDOZA QUERIDO & CO.**

RICHARD S. QUERIDO
Partner
CPA Certificate No. 84807
SEC Accreditation No. 84807-SEC (Group A)
Issued November 24, 2020
Valid for Financial Periods 2020 to 2024
TIN 102-094-633
BIR Accreditation No. 08-002617-002-2019
January 21, 2019, valid until January 20, 2022
PTR No. 8539444, January 9, 2021, Makati City

April 12, 2021

PHILCOMSAT HOLDINGS CORPORATION
(A Subsidiary of Philippine Communications Satellite Corporation)
AND SUBSIDIARIES

Schedule A. Financial Assets

December 31, 2020

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 of Reporting Period	Income Received and Accrued
Notes and loans receivable				
Promissory notes issued by various financial institutions				
Alsons Consolidated Resources, Inc.	P35,000,000	P35,000,000	P35,000,000	
Philippine Commercial Capital, Inc.	26,267,379	26,267,379	26,267,379	
Liquigaz Philippines Corporation	25,000,000	25,000,000	25,000,000	
SMC Shipping and Lighterage Corporation	25,000,000	25,000,000	25,000,000	
Toyota Financial Services Philippines Corporation	7,000,000	7,000,000	7,000,000	
Metrobank Card Corporation	5,000,000	5,000,000	5,000,000	
San Miguel Properties Inc.	5,000,000	5,000,000	5,000,000	
Sterling Bank of Asia	2,000,000	2,000,000	2,000,000	
Can Asia Inc.	1,000,000	1,000,000	1,000,000	
Retail Treasury Bonds	1,000,000	1,000,000	1,000,000	
Corporate notes				
Montemar Beach Club Inc.	48,805,002	48,805,002	48,805,002	
HMR Philippines, Inc.	26,659,267	26,659,267	26,659,267	
Philippine Communications Satellite Corporation	34,000,000	34,000,000	34,000,000	
Elite Defense Security Services, Inc.	1,100,000	1,100,000	1,100,000	
		P242,831,648	**P242,831,648**	**P12,317,701**

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 of Reporting Period	Income Received and Accrued
Financial assets at FVOCI				
Investments in quoted bonds				
BDO - Trust & Investments Group Managed Bonds	P150,400,000	P156,377,101	P156,377,101	
BDO Private Bank Managed Bonds	76,500,000	78,741,867	78,741,867	
Retail Treasury Bonds	56,000,000	57,828,091	57,828,091	
Ayala Land, Inc.	56,770,000	55,118,339	55,118,339	
SM Prime Holdings, Inc.	51,630,000	50,726,479	50,726,479	
Aboitiz Power Corporation	32,170,000	32,359,688	32,359,688	
Ayala Corporation	26,970,000	25,505,558	25,505,558	
Petron Corporation	21,000,000	20,471,682	20,471,682	
Torre Lorenzo Development Corp.	20,000,000	20,000,000	20,000,000	
STI Education Systems Holdings, Inc.	20,000,000	18,638,118	18,638,118	
Doubledragon Properties Corp.	20,000,000	17,057,717	17,057,717	
EW Peso Intermediate Term Bond Fund	7258.553526 units	15,483,383	15,483,383	
Development Bank of the Philippines	15,000,000	15,000,000	15,000,000	
Metropolitan Bank & Trust Company	3,000,000	12,849,092	12,849,092	
Philam Bond Fund	2307782 units	10,695,646	10,695,646	
Bank of the Philippine Islands	10,000,000	10,047,942	10,047,942	
Smart Communications, Inc.	10,000,000	10,000,000	10,000,000	
Aboitiz Equity Ventures, Inc.	7,000,000	7,051,998	7,051,998	
SM Investments Corporation	7,000,000	7,002,435	7,002,435	
SMC Global Power Holdings	6,800,000	6,771,217	6,771,217	
Robinsons Land Corp.	6,500,000	6,595,591	6,595,591	
San Miguel Corporation	6,000,000	5,986,531	5,986,531	
Megaworld Corporation	5,000,000	5,164,982	5,164,982	
Security Bank Corporation	5,000,000	5,029,233	5,029,233	
East West Banking Corporation	5,000,000	5,000,000	5,000,000	
Forward				

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 of Reporting Period	Income Received and Accrued
SMC Global Power Holdings Corporation	5,000,000	5,000,000	5,000,000	
Philippine Long Distance Telephone Co.	2,000,000	2,001,217	2,001,217	
Filinvest Land Inc.	2,000,000	2,000,000	2,000,000	
South Luzon Tollways Corporation	1,200,000	1,171,344	1,171,344	
Philippine Savings Bank	1,000,000	1,006,956	1,006,956	
Cyberzone Properties, Inc.	1,000,000	1,006,689	1,006,689	
Manila North Tollway Corp.	1,000,000	1,000,127	1,000,127	
Security Bank Corporation	700,000	700,000	700,000	
Investments in quoted shares of stock				
BDO Private Bank Managed Equity	416240.51 shares	52,930,760	52,930,760	
BDO - Trust & Investments Group Managed Equity	974,482 shares	37,066,494	37,066,494	
Arthaland Corporation	146,900 shares	14,853,100	14,853,100	
Sun Life Prosperity Philippine Equity Fund	3,878,305 shares	14,056,141	14,056,141	
San Miguel Corporation	151,000 shares	11,485,500	11,485,500	
D.M. Wenceslao and Associates, Inc.	1,500,000 shares	11,400,000	11,400,000	
Eagle Cement Corporation	783,400 shares	11,343,632	11,343,632	
Wilcon Depot, Inc.	605,000 shares	10,224,500	10,224,500	
MerryMart Consumer Corp.	1,450,000 shares	8,949,500	8,949,500	
Converge ICT Solutions, Inc.	500,000 shares	7,450,000	7,450,000	
Petron Corporation	6,000 shares	6,310,000	6,310,000	
GT Capital Holdings	6,000 shares	6,000,000	6,000,000	
Areit, Inc.	185,300 shares	5,438,555	5,438,555	
Cirtek Holdings Phils. Corp.	150,000 shares	4,899,672	4,899,672	
Del Monte Pacific Limited	10,000 shares	4,803,600	4,803,600	
Ayala Land, Inc.	100,000 shares	4,090,000	4,090,000	
GT Capital Holdings, Inc.	4,000 shares	4,000,000	4,000,000	
Forward				

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 of Reporting Period	Income Received and Accrued
SM Prime Holdings, Inc.	100,000 shares	3,850,000	3,850,000	
Doubledragon Properties Corp.	31,000 shares	3,180,600	3,180,600	
Pilipinas Shell Petroleum Corp.	150,000 shares	3,097,500	3,097,500	
Megawide Construction Corporation	25,000 shares	2,504,500	2,504,500	
Phoenix Petroleum Phils.	2,000 shares	2,014,000	2,014,000	
Ayala Corporation	3,760 shares	1,955,200	1,955,200	
BDO Unibank, Inc.	16,869 shares	1,801,609	1,801,609	
First Gen. Corporation	10,460 shares	1,131,772	1,131,772	
San Miguel Food and Beverage, Inc.	11,500 shares	770,500	770,500	
Cebu Landmasters, Inc.	15,0000 shares	757,500	757,500	
Axelum Resources Corp.	200,000 shares	702,000	702,000	
Chelsea Logistics Holdings Corp.	100,000 shares	521,000	521,000	
Intl. Cont. Terminal Serv. Inc.	4,170 shares	514,995	514,995	
DMCI Holdings, Inc.	75,000 shares	424,500	424,500	
JG Summit Holdings, Inc.	5,250 shares	375,900	375,900	
8990 Holdings, Inc.	2,000 shares	204,000	204,000	
Robinsons Land Corp.	6,343 shares	134,472	134,472	
Investments in UITFs				
Sun Life Prosperity Balanced Fund	11,771,306 shares	42,063,585	42,063,585	
Philam Strategic Growth Fund	66,408 shares	32,472,184	32,472,184	
Sun Life Prosperity GS Fund	6,038,647 shares	10,598,429	10,598,429	
BDO Private Bank Managed Funds	37,196.5461 shares	9,164,919	9,164,919	
Sun Life Prosperity Dynamic Fund	5,346,450 shares	4,746,578	4,746,578	
Capital Accumulation Global Fund of Funds	500 shares	2,786,246	2,786,246	
BDO - Trust & Investments Group Managed Funds	17,261.0522 shares	2,118,644	2,118,644	
SB Asia Pacific EQ Feeder Fund Class F	USD 15,000	984,039	984,039	
Forward				

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 of Reporting Period	Income Received and Accrued
Investments in club memberships				
Montemar Beach Club Inc.	10 shares	4,500,000	4,500,000	
Makati Sports Club, Inc.	1 share	800,000	800,000	
		P1,018,865,149	**P1,018,865,149**	**P33,056,415**

PHILCOMSAT HOLDINGS CORPORATION
(A Subsidiary of Philippine Communications Satellite Corporation)
AND SUBSIDIARIES

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)

December 31, 2020

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at End of Period
Included under "Receivables"							
Montemar Beach Club Inc.	P48,805,002	P–	P–	P–	P48,805,002	P–	P48,805,002
Philippine Communications Satellite Corporation	14,000,000	20,000,000	–	–	34,000,000	–	34,000,000
Presented under "Due from Related Parties"							
Montemar Beach Club Inc.	9,505,543	–	–	–	9,505,543	–	9,505,543
Philippine Communications Satellite Corporation	3,444,006	79,580	–	–	3,523,586	–	3,523,586
Montemar Resort Development Corp.	306,250	–	–	–	306,250	–	306,250
	P76,060,801	**P20,079,580**	**P–**	**P–**	**P96,140,381**	**P–**	**P96,140,381**

Notes receivables from 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 Beach Club Inc., Philippine Communications Satellite Corporation and Montemar Resort Development Corp. are noninterest-bearing.
All cash advances are demandable at the instance of the Group.

PHILCOMSAT HOLDINGS CORPORATION
(A Subsidiary of Philippine Communications Satellite Corporation)
AND SUBSIDIARIES

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

December 31, 2020

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at End of Period
Philcomsat Management Enterprises, Inc	P630,332	P8,185	P–	P–	P638,517	P–	P638,517

PHILCOMSAT HOLDINGS CORPORATION
(A Subsidiary of Philippine Communications Satellite Corporation)
AND SUBSIDIARIES

Schedule D. Long Term Debt

December 31, 2020

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 under Caption "Long-Term Debt" in Statement of Financial Position
		Not applicable	

PHILCOMSAT HOLDINGS CORPORATION
(A Subsidiary of Philippine Communications Satellite Corporation)
AND SUBSIDIARIES

Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

December 31, 2020

Name of related party	Balance at Beginning of Period	Balance at End of Period
	Not applicable	

PHILCOMSAT HOLDINGS CORPORATION
(A Subsidiary of Philippine Communications Satellite Corporation)
AND SUBSIDIARIES

Schedule F. Guarantees of Securities and Other Issues

December 31, 2020

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
(A Subsidiary of Philippine Communications Satellite Corporation)
AND SUBSIDIARIES

Schedule G. Capital Stock

December 31, 2020

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 share	1,000,000,000	996,391,254	–	796,595,690	100,106,143	99,689,421

PHILCOMSAT HOLDINGS CORPORATION

(A Subsidiary of Philippine Communications Satellite Corporation)

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2020

	Amount
Unappropriated retained earnings, beginning of year	P454,219,712
Adjustments in previous year's reconciliation	(1,743,723)
Unappropriated retained earnings, as adjusted to available for dividend distribution, beginning of the year	452,475,989
Net income during the period closed to retained earnings	17,567,170
Reclassification of cumulative fair value changes of equity instruments measured at FVOCI sold from other comprehensive income	1,524,292
TOTAL RETAINED EARNINGS, END OF YEAR AVAILABLE FOR DIVIDEND	P471,567,451

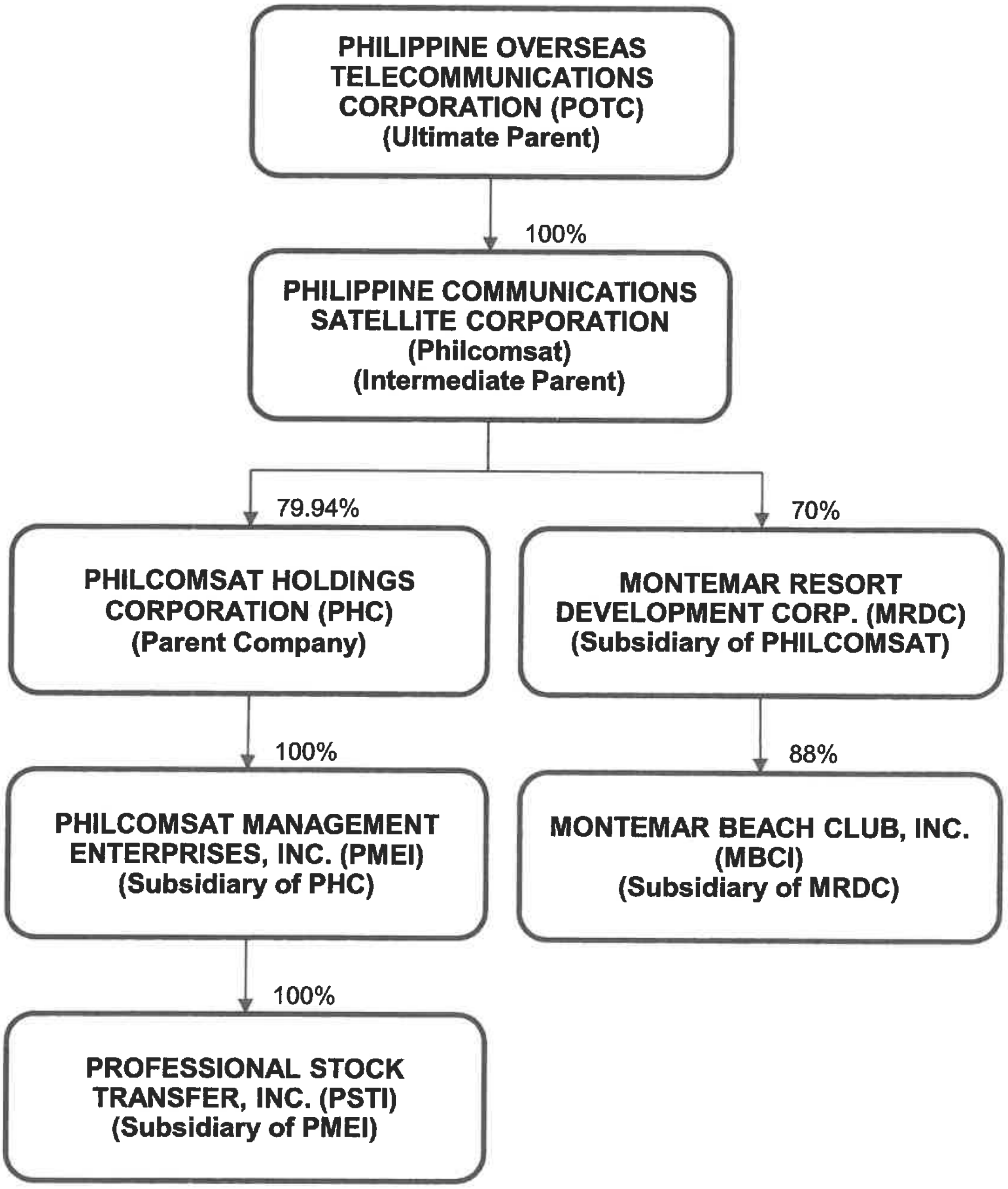
Reconciliation:	Amount
Unappropriated retained earnings at end of period as shown in the separate financial statements	P473,311,174
Unrealized foreign exchange gain – net	(1,743,723)
TOTAL RETAINED EARNINGS, END OF YEAR AVAILABLE FOR DIVIDEND	P471,567,451

See accompanying Notes to Financial Statements.

PHILCOMSAT HOLDINGS CORPORATION
(A Subsidiary of Philippine Communications Satellite Corporation)
AND SUBSIDIARIES

Map Showing the Relationships Between and Among the Companies in the Group, its Ultimate Parent Company and Co-Subsidiaries

DECEMBER 31, 2020



MOORE

M&Q

Mendoza Querido & Co.

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PRC/BOA Accreditation No. 0966
September 22, 2020, valid until
August 22, 2023
SEC Accreditation No. 0966-SEC (Group A)
Issued November 24, 2020
Valid for Financial Periods 2020 to 2024

INDEPENDENT AUDITORS' REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Philcomsat Holdings Corporation and Subsidiaries
12th Floor Telecom Plaza Building
316 Sen. Gil Puyat Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Philcomsat Holdings and Subsidiaries (the Group) as at and for the years ended December 31, 2020 and 2019, and have issued our report thereon dated April 12, 2021. Our audits were made for the purpose of forming an opinion on the basic 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 Group'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 the purpose of complying with the Revised Securities Regulation Code Rule 68 (2019) issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at and for the years ended December 31, 2020 and 2019 and no material exceptions were noted.

For the Firm: **MENDOZA QUERIDO & CO.**

RICHARD S. QUERIDO
Partner
CPA Certificate No. 84807
SEC Accreditation No. 84807-SEC (Group A)
Issued November 24, 2020
Valid for Financial Periods 2020 to 2024
TIN 102-094-633
BIR Accreditation No. 08-002617-002-2019
January 21, 2019, valid until January 20, 2022
PTR No. 8539444, January 9, 2021, Makati City

April 12, 2021

PHILCOMSAT HOLDINGS CORPORATION
(A Subsidiary of Philippine Communications Satellite Corporation)
AND SUBSIDIARIES

Schedule of Financial Soundness Indicators

December 31, 2020 and 2019

Ratio	Formula	2020	2019
Current ratio	Current assets / Current liabilities	56.33:1 P469,700,864 8,338,314	57.71:1 P438,138,412 7,592,715
Acid test ratio	Current assets – inventory – prepayments / Current liabilities	56.33:1 P469,700,864 8,338,314	57.71:1 P438,138,412 7,592,715
Solvency ratio	Net income before depreciation and amortization / Total liabilities	0.75:1 P20,383,244 27,232,314	0.82:1 P21,978,236 26,729,912
Debt-to-equity ratio	Total liabilities / Total equity	0.02:1 P27,232,314 1,473,198,190	0.02:1 P26,729,912 1,452,402,008
Asset-to-equity ratio	Total assets / Total equity	1.02:1 P1,500,430,504 1,473,198,190	1.02:1 P1,479,131,920 1,452,402,008
Interest rate coverage ratio	Operating EBITDA / Net Interest	NA	NA
Return on equity	Net income / Average total equity	1% P18,816,447 1,462,800,099	1% P20,618,001 1,397,602,941
Return on assets	Net income / Average total assets	1% P18,816,447 1,489,781,212	1% P20,618,001 1,426,686,946
Net profit margin	Net income / Total revenue	35% P18,816,447 54,260,872	35% P20,618,001 58,291,926

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1 1 1 6 3

Company Name

PHILCOMSAT HOLDINGS CORPORATION (A Subsidiary of Philippine Communications Satellite Corporation)

Principal Office (No./Street/Barangay/City/Town)Province)

12TH FLOOR, TELECOM PLAZA BUILDING, 316 SEN. GIL PUYAT AVENUE, MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, if applicable
AFS	CRMD	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
1174	3rd Monday of November	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Miss Erlinda I. Bildner		(02) 8815-8406	

Contact Person's Address

12th Floor Telecon Plaza Building, 316 Se. Gil Puyat Avenue, Makati City

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

2: *All Boxes must be properly and completely filled-up. Failure to do so shall cause 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.*

PHC
PHILCOMSAT HOLDINGS CORPORATION

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

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 separate financial statements including the schedules attached therein, for the years ended December 31, 2020, 2019 and 2018, 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 the separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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 separate financial statements including the schedules attached therein, and submits the same to the stockholders.

Mendoza Querido & Co., the independent auditor appointed by the stockholders, have audited the separate financial statements in accordance with Philippine Standards on Auditing, and in its report to the stockholders have expressed its opinion on the fairness of presentation upon completion of such audit.

SANTIAGO J. RANADA
Chairman of the Board

KATRINA C. PONCE ENRILE
President

ERLINDA I. BILDNER
Treasurer

Signed this 12th day of April 2021

SUBSCRIBED AND SWORN to before me this day of APR 1 3 2021 2021 in Makati City, affiants exhibiting to me the following:

Name	Government ID No.	Place/Date of Issue
Santiago J. Ranada	PP No. P0274808B	DFA NCR East/17 January 2019
Katrina C. Ponce Enrile	PP No. P5615337A	DFA Manila/15 January 2018
Erlinda I. Bildner	Senior Citizen ID No. 49633	Makati City/20 September 2019

Doc No. 68
Page No. 15
Book No. 05
Series of 2021

ATTY. HOBERT M. LLUZ
NOTARY PUBLIC
Until December 31 2021
Appt. No M-37 Makati City
IBP #135589 for 2021 - RSM
S.C Roll No 59597
PTR #8533515, Jan 04, 2021-Makati
MCLE Compliance No VI-0028451.
Issued on 08-28-2019, Valid until 04-14-2022
Unit 301 3rd Flr. Campos Rueda Bldg
101 Urban Ave., Brgy Pio del Pilar, Makati City

MOORE

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Mendoza Querido & Co.

16th Floor, The Salcedo Towers
169 H.V. de la Costa St., Salcedo Village
Makati City 1227 Philippines

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PRC/BOA Accreditation No. 0966
September 22, 2020, valid until
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SEC Accreditation No. 0966-SEC (Group A)
Issued November 24, 2020
Valid for Financial Periods 2020 to 2024

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Philcomsat Holdings Corporation
12th Floor Telecom Plaza Building
316 Sen. Gil Puyat Avenue
Makati City

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Philcomsat Holdings Corporation (a subsidiary of Philippine Communications Satellite Corporation) [the Company], which comprise the separate statements of financial position as at December 31, 2020 and 2019 and the separate statements of income, separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes to separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. 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 audit of the separate financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The separate financial statements of the Company as at December 31, 2018 were audited by another auditor whose report dated April 4, 2019 expressed an unmodified opinion on the separate financial statement.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

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

In preparing the separate 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.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 PSAs 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 separate financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate 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.

- 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 separate 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 separate financial statements, including the disclosures, and whether the separate 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 Company to express an opinion on the separate financial statements. We are responsible for the direction, supervision and performance of the 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 complied 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, related safeguards.

Report on the Supplementary Information Required Under Revenue Regulation No. 15- 2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 26 to the separate 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 information is the responsibility of management of Philcomsat Holdings Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Richard S. Querido.

For the Firm: **MENDOZA QUERIDO & CO.**

RICHARD S. QUERIDO
Partner
CPA Certificate No. 84807
SEC Accreditation No. 84807-SEC (Group A)
Issued November 24, 2020
Valid for Financial Periods 2020 to 2024
TIN 102-094-633
BIR Accreditation No. 08-002617-002-2019
January 21, 2019, valid until January 20, 2022
PTR No. 8539444, January 9, 2021, Makati City

April 12, 2021

BUREAU OF INTERNAL REVENUE
REVENUE REGION 8A MAKATI CITY
REVENUE DISTRICT OFFICE NO. 49
NORTH MAKATI
RECEIVED
DATE: APR 14 2021
INITIAL:
RCO NAME: JANNEL T. POLDARIO

PHILCOMSAT HOLDINGS CORPORATION

(A Subsidiary of Philippine Communications Satellite Corporation)

SEPARATE STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

(Amounts in Philippine Pesos)

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 2, 3, 4, 18 and 19)	**P198,697,217**	P203,536,493
Receivables – current (Notes 2, 3, 5, 16, 18 and 19)	**225,376,395**	195,901,364
Due from related parties (Notes 2, 3, 16, 18 and 19)	**13,973,896**	13,894,316
Other current assets (Notes 2, 3 and 6)	**1,540,664**	1,167,806
Total Current Assets	**439,588,172**	414,499,979
Noncurrent Assets		
Receivables – noncurrent (Notes 2, 3, 5, 18 and 19)	**8,000,000**	37,000,000
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 2, 3, 7, 18 and 19)	**1,018,865,149**	993,268,917
Investment in subsidiaries (Notes 2, 3 and 8)	**25,000,000**	25,000,000
Right-of-use asset (ROU) (Notes 2, 3 and 12)	**–**	1,154,506
Property and equipment (Notes 2, 3 and 10)	**14,208**	69,835
Total Noncurrent Assets	**1,051,879,357**	1,056,493,258
	P1,491,467,529	P1,470,993,237
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and statutory payables (Notes 2, 3, 11, 18 and 19)	**P2,798,130**	P653,422
Customers' deposits (Notes 2, 3, 12, 18 and 19)	**1,237,874**	1,237,874
Lease liability (Notes 2, 3, 12, 16, 18, 19 and 21)	**–**	1,217,321
Total Current Liabilities	**4,036,004**	3,108,617
Noncurrent Liabilities		
Deposit for future stock subscription (Notes 2 and 16)	**18,894,000**	18,894,000
Total Liabilities	**22,930,004**	22,002,617
Equity		
Share capital (Notes 2 and 20)	**996,391,254**	996,391,254
Retained earnings (Notes 2, 7 and 20)	**473,311,174**	454,219,712
Other equity reserves (Notes 2, 7 and 20)	**(1,164,903)**	(1,620,346)
Total Equity	**1,468,537,525**	1,448,990,620
	P1,491,467,529	P1,470,993,237

See accompanying Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
REVENUE REGION 8A MAKATI CITY
REVENUE DISTRICT OFFICE NO. 49
NORTH MAKATI
RECEIVED
APR 14 2021
INITIAL: DATE:
RCO NAME: JANNEL T. POLIGRATO

ICTD
APR 15 2021

PHILCOMSAT HOLDINGS CORPORATION
(A Subsidiary of Philippine Communications Satellite Corporation)

SEPARATE STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(With Comparative Figures for 2018)
(Amounts in Philippine Pesos)

	2020	2019	2018
REVENUE (Notes 2 and 13)	**P46,892,734**	P51,502,701	P41,513,799
COSTS AND EXPENSES (Notes 2, 14 and 24)	**(28,922,353)**	(27,505,615)	(29,503,469)
REALIZED GAIN (LOSS) ON SALE OF DEBT INSTRUMENTS MEASURED AT FVOCI (Notes 2 and 7)	**2,940,907**	(2,687,077)	–
UNREALIZED FOREIGN EXCHANGE GAIN (LOSS) (Note 2)	**(3,216,279)**	(2,017,103)	2,501,390
GAIN ON SALE OF INVESTMENT PROPERTY (Notes 2, 9 and 13)	**–**	–	99,112,396
INCOME BEFORE INCOME TAX	**17,695,009**	19,292,906	113,624,116
PROVISION FOR (BENEFIT FROM) INCOME TAX (Notes 2, 3 and 15)			
Current	**127,839**	151,897	19,248,514
Deferred	**–**	(750,417)	750,417
	127,839	(598,520)	19,998,931
NET INCOME	**P17,567,170**	P19,891,426	P93,625,185
EARNINGS PER SHARE (Notes 2 and 17)	**P0.0176**	P0.0200	P0.1173

See accompanying Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
REVENUE REGION 8A MAKATI CITY
REVENUE DISTRICT OFFICE NO. 49
NORTH MAKATI
RECEIVED
DATE:
APR 14 2021

PHILCOMSAT HOLDINGS CORPORATION

(A Subsidiary of Philippine Communications Satellite Corporation)

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(With Comparative Figures for 2018)

(Amounts in Philippine Pesos)

	2020	2019	2018
NET INCOME	**P17,567,170**	P19,891,426	P93,625,185
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 2 and 7)			
Items that may be reclassified to profit or loss			
Unrealized gain (loss) on debt instruments at FVOCI	**11,348,642**	26,302,694	(19,051,016)
Items that may not be reclassified to profit or loss			
Unrealized gain (loss) on equity instruments at FVOCI	**(6,428,000)**	13,997,251	(26,777,834)
TOTAL COMPREHENSIVE INCOME	**P22,487,812**	P60,191,371	P47,796,335

See accompanying Notes to Financial Statements.

PHILCOMSAT HOLDINGS CORPORATION

(A Subsidiary of Philippine Communications Satellite Corporation)

SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

(With Comparative Figures for 2018)

(Amounts in Philippine Pesos)

	2020	2019	2018
SHARE CAPITAL – P1 par value (Notes 2 and 20)			
Authorized – 1,000,000,000 shares			
Issued – 996,391,254 shares	**P996,391,254**	P996,391,254	P996,391,254
RETAINED EARNINGS (Notes 2, 7 and 20)			
Balance at beginning of year	**454,219,712**	429,585,301	337,757,924
Net income	**17,567,170**	19,891,426	93,625,185
Reclassification of cumulative fair value changes of equity instruments measured at FVOCI sold from other comprehensive income	**1,524,292**	4,742,985	(588,773)
Realized loss on sale of equity instruments measured at FVOCI	**–**	–	(1,209,035)
Balance at end of year	**473,311,174**	454,219,712	429,585,301
OTHER EQUITY RESERVES (Notes 2, 7 and 20)			
Balance at beginning of year	**(1,620,346)**	(39,864,383)	5,375,694
Unrealized gain (loss) for the year	**4,920,642**	40,299,945	(45,828,850)
Reclassification of cumulative fair value changes of debt instruments measured at FVOCI sold to profit or loss	**(2,940,907)**	2,687,077	–
Reclassification of cumulative fair value changes of equity instruments measured at FVOCI sold to retained earnings	**(1,524,292)**	(4,742,985)	588,773
Balance at end of year	**(1,164,903)**	(1,620,346)	(39,864,383)
TOTAL EQUITY	**P1,468,537,525**	P1,448,990,620	P1,386,112,172

See accompanying Notes to Financial Statements.

PHILCOMSAT HOLDINGS CORPORATION

(A Subsidiary of Philippine Communications Satellite Corporation)

SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

(With Comparative Figures for 2018)

(Amounts in Philippine Pesos)

	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**P17,695,009**	P19,292,906	P113,624,116
Adjustments for:			
Depreciation (Note 10)	**1,210,133**	1,239,882	1,500,220
Interest expense (Note 12)	**45,922**	111,397	–
Gain on sale of investment property (Note 9)	–	–	(99,112,396)
Realized loss (gain) on sale of debt instruments measured at FVOCI (Note 7)	**(2,940,907)**	2,687,077	–
Operating income before working capital changes	**16,010,157**	23,331,262	16,011,940
Decrease (increase) in:			
Receivables (Note 5)	**(1,514,973)**	3,354,043	(1,926,628)
Due from related properties (Note 16)	**(79,580)**	3,991,816	–
Other current assets (Note 6)	**(252,456)**	(150,861)	773,684
Increase (decrease) in:			
Trade and statutory payables (Note 11)	**2,144,708**	(4,334,127)	2,340,801
Customers' deposits (Note 12)	–	–	(3,163,200)
Net cash generated from operations	**16,307,856**	26,192,133	14,036,597
Collection of notes and loans receivable (Note 5)	**141,972,598**	7,000,000	141,211,954
Acquisitions of:			
Financial assets at FVOCI (Note 7)	**(420,412,719)**	(319,570,578)	(116,937,793)
Notes and loans receivable (Note 5)	**(140,932,656)**	(65,000,000)	(67,500,000)
Proceeds from redemption and maturity of:			
Financial assets at FVOCI (Note 7)	**399,737,129**	289,451,782	26,370,236
Short-term investments	–	–	7,441,238
Income tax paid	**(248,241)**	(797,894)	(19,071,257)
Net cash provided by (used in) operating activities	**(3,576,033)**	(62,724,557)	(14,449,025)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investment property (Note 9)	–	–	201,388,000
Additions to property and equipment (Note 10)	–	–	(7,001)
Net cash provided by (used in) investing activities	–	–	201,380,999
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Lease liability (Notes 12 and 21)	**(1,217,321)**	(1,091,691)	–
Interest on lease liability (Note 12)	**(45,922)**	(111,397)	–
Net cash used in financing activities	**(1,263,243)**	(1,203,088)	–
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(4,839,276)**	(63,927,645)	186,931,974
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**203,536,493**	267,464,138	80,532,164
CASH AND CASH EQUIVALENTS AT END OF YEAR	**P198,697,217**	P203,536,493	P267,464,138

	2020	2019	2018
NONCASH FINANCIAL INFORMATION			
Conversion of interest receivable to principal amount of notes receivable (Note 5)	**P1,665,277**	P–	P–
Initial recognition of right-of-use asset relating to lease of office space (Note 12)	**–**	2,309,012	–
Initial recognition of lease liability (Note 12)	**–**	(2,309,012)	–
	P1,665,277	P–	P–

See accompanying Notes to Financial Statements.

NOTES TO SEPARATE FINANCIAL STATEMENTS

1. General Information

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 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 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 of the Company is at 12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City.

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 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 Company to file an updated Registration Statement.

As at the date of report, the Company is still in the process of preparing the updated Registration Statement.

Approval of the Separate Financial Statements
The separate financial statements of the Company as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 were approved and authorized for issue by the BOD on April 12, 2021.

2. Summary of Significant Accounting Policies

Basis of Preparation
The separate financial statements of the Company 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 separate financial statements are presented in Philippine Peso (Peso) which is the Company's functional and presentation currency. All values are rounded to the nearest Peso, except as otherwise indicated.

The separate financial statements of the Company have been prepared on the historical cost basis, except for 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 Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the separate 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 Company 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 FVOCI, investment property and financial assets and liabilities are disclosed in Notes 7, 9 and 19, 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 Company adopted effective for annual periods beginning on or after January 1, 2020:

- Amendments to PFRS 3, *"Definition of a Business"*

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  The amendments will apply on future business combinations of the Company, if any.

- Amendments to PAS 1 and PAS 8, *"Definition of Material"*

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

  The adoption of these amendments is not expected to have significant impact on the separate financial statements.

New Accounting Standards, Amendments to Existing Standards and Interpretations Effective Subsequent to December 31, 2020

The standards, amendments and interpretations which have been issued but not yet effective as at December 31, 2020 are disclosed below. Except as otherwise indicated, the Company 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, 2021

- Amendments to PFRS 16, "*Leases*"

  COVID-19-Related Rent Concessions (effective June 1, 2020). The amendments permit lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

  These amendments have no impact on the separate financial statements.

- 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 adaption for contracts with direct participation features (the variable fee approach)

  - A simplified approach (the premium allocation approach) mainly for short-duration contracts.

  PFRS 17 is effective for reporting periods beginning on or before January 1, 2021, with comparative figures required. Early application is permitted.

  The amendments are not applicable to the Company since the Company does not have activities that are predominantly connected with insurance or issue insurance contracts.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, "*Reference to the Conceptual Framework*"

  The amendments updated the reference to the "*Conceptual Framework*" and an exception to its requirement for an entity to refer to the "*Conceptual Framework*" to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should instead refer to PAS 37, "*Provisions, Contingent Liabilities and Contingent Assets*". This exception is to avoid an unintended consequence of updating the reference. Without the exception, an entity would have recognized some liabilities on the acquisition of a business that it would not recognize in other circumstances. Immediately after the acquisition, the entity would have had to derecognize such liabilities and recognize a gain that did not depict an economic gain.

  The amendments will apply on future business combinations of the Company, if any.

- Amendments to PAS 16, "*Property, Plant and Equipment - Proceeds before Intended Use*"

  The amendments prohibit from deducting the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

  The adoption of this amendment is not expected to have any significant impact on the separate financial statements.

- Amendments to PAS 37, "*Onerous Contracts - Cost of Fulfilling a Contract*"

  The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

  The adoption of this amendment is not expected to have any significant impact on the separate financial statements.

Annual Improvements to PFRSs 2018-2020 Cycle
The Annual Improvements to PFRSs (2018-2020 cycle) are effective for annual periods beginning 2022 and are not expected to have a material impact on the Company.

- Amendments to PFRS 1, "*Subsidiary as a First-time Adopter*"

  The amendment permits a subsidiary that measures the assets and liabilities at the carrying amounts that would be included in the parent's consolidated financial statements, based on the parent's date of transition to PFRSs, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary, to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to PFRSs.

  The adoption of this amendment is not expected to have any significant impact on the separate financial statements.

- Amendments to PFRS 9, "*Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*"

  The improvements clarify the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

  The adoption of this amendment is not expected to have any significant impact on the separate financial statements.

- Amendments to PFRS 16, "*Lease Incentives*"

  The amendment removes reimbursement relating to leasehold improvements. PFRS 16 does not contain explicit guidance on how to account for leasehold improvements made by the lessee or when reimbursements made by the lessor in respect of those leasehold improvements can be regarded as lease incentives. Thus, created some confusion on how a lessee should account for such reimbursement by stating that the lessee should apply the appropriate standard and should not account for the reimbursement as a lease incentive. The standard had not clearly explained the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

  The adoption of this amendment is not expected to have any significant impact on the separate financial statements.

- Amendments to PAS 41, "*Taxation in Fair Value Measurements*"

  The amendment removes the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in PFRS 13.

  The adoption of this amendment is not expected to have any significant impact on the separate financial statements.

Effective beginning on or after January 1, 2023

- 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 deferral of the effective date by two years, to annual reporting periods beginning on or after January 1, 2023, is intended to allow time for an orderly adoption of the amended PFRS 17 by jurisdictions. This should enable more insurers to implement the new Standard at the same time.

  The amendments are not applicable to the Company since it does not have activities that are predominantly connected with insurance or issue insurance contracts.

- Amendments to PAS 1, "*Classification of Liabilities as Current or Non-current*"

  The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

  The adoption of this amendment is not expected to have any significant impact on the separate financial statements.

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 FSRC 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 Company.

- 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 separate financial statements since the Company 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 Company and expected not to have impact on the separate financial statements.

Current versus Noncurrent Classification

The Company presents assets and liabilities in the separate 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 Company recognizes a financial asset or a financial liability in the separate 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 Company 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 Company 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 Company determines the appropriate method of recognizing the "Day 1" difference.

Classification
The Company 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 fair value through other comprehensive income (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 Company'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 Company 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 Company 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.

The Company does not have financial assets at FVPL as at December 31, 2020 and 2019.

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 December 31, 2020 and 2019, the Company'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 16).

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 Company 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 separate 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 December 31, 2020 and 2019, the Company designated its investments in quoted bonds, quoted 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 separate 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 Company has not designated any financial liability as at FVPL.

The Company does not have financial liabilities at FVPL as at December 31, 2020 and 2019.

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 Company 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 December 31, 2020 and 2019, the Company's trade payables and customers' deposits are classified under this category (see Notes 11 and 12).

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

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

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 Company'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 Company 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 separate 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 Company 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 separate 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 separate statements 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 separate 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 Company 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 Company's operations that are subject to liquidation. These are initially measured at cost less impairment in value, if any.

Other Current Assets
Other current 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 Company 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 Company's current VAT liability.

Investment in Subsidiaries
The Company's investment in subsidiaries, entity over which the Company has control, is accounted for under the cost method of accounting in the separate financial statements. In assessing control, the 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. These are carried in the separate statements of financial position at cost less any impairment in value.

Investment in subsidiaries is derecognized upon sale or disposal. Any gain or loss arising from derecognition, computed as the difference between proceeds from the disposal and the carrying amount of the investment sold, is recognized in the separate statements of comprehensive income at the time of sale or disposal.

Investment Property
Investment property is defined as a property, such as land or building, 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.

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.

Depreciation of an investment property is computed using the straight-line method over the estimated useful life of the asset. The Company's condominium unit recognized as an investment property has an estimated useful life of 40 years. The condominium unit's useful life and depreciation method are reviewed and adjusted, if appropriate, at each financial year-end.

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 Company 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

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.

Impairment of Nonfinancial Assets
The Company assesses at each reporting date whether there is an indication that its advances subject to liquidation, other current assets, investment in subsidiaries, right-of-use asset 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.

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 of items of income and expense that are not recognized in profit or loss in accordance with PFRS. Other equity reserves of the Company 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 Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company 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.

Rent Income

Rent income is recognized on a straight-line basis over the lease term since performance obligation is satisfied over time during the period when the Company gives the lessee the right to use the leased property.

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.

Cost 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.

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.

ROU Asset
At commencement date of the lease contract, the Company 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 Company 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 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.

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; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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.

When a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) above, and at the date of renewal or extension period for scenario (b).

The Company as a Lessor
The Company has entered into lease agreements as a lessor. The Company determined that it retains significant risks and rewards of ownership on properties leased to tenants under operating lease agreements.

The Company as a Lessee
The Company has entered into a lease agreement as a lessee. Critical judgment was exercised by management 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.

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 exercise 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 Company; (2) associates; and (3) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the 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 separate 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 purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

The key management personnel of the Company and post-employment benefit plan for the benefit of Company'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 Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. 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 Company expects a provision to be reimbursed, the reimbursement is recognized as an asset in the separate statements of financial position but only when the receipt of the reimbursement is virtually certain.

Contingencies
Contingent liabilities are not recognized in the separate financial statements. These are disclosed in the notes to separate financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the separate financial statements but are disclosed in the notes to separate financial statements when an inflow of economic benefits is probable.

Events After the Reporting Period
Post year-end events that provide additional information about the Company's financial position at the reporting date (adjusting events), if any, are reflected in the separate financial statements when material. Post year-end events that are non-adjusting events are disclosed in the notes to separate financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Company's separate 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 Company's policies, the Company has made certain judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the separate financial statements.

Establishing Control Over Investment in a Subsidiary
The Company 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 Company's voting rights and potential voting rights.

Classifying Financial Instruments
The Company exercises judgment in classifying financial instruments in accordance with PFRS 9. The Company 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 Company's separate statements of financial position.

Classification of financial instruments is disclosed in Note 2 to the separate financial statements.

Distinguishing Investment Properties and Owner-occupied Properties
The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property is held primarily to earn rentals or capital appreciation or both or used for operations and administrative purposes of the Company.

Determining Classification of Lease Arrangements and Appropriate Lease Term and Discount Rates
The Company has entered into lease agreements as a lessor and lessee. Until December 31, 2018, the Company accounted for its lease agreements as operating lease.

Critical judgment was exercised by the Company 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.

On January 1, 2019, the Company's lease agreement of its office space was renewed and it qualified as a lease under PFRS 16.

Lease liability and ROU asset were recognized. Payments of lease liability is 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 asset is 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 Company in determining the discount rate, whether implicit rate, if readily available or incremental rate, to be used in calculating the present value of ROU asset and lease liability.

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.

Assessing Provisions and Contingencies
The Company 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 Company 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 Company 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 in 2020, 2019 and 2018. The carrying amounts of financial assets at amortized cost and FVOCI are as follows:

	2020	2019
Cash and cash equivalents*	**P198,687,217**	P203,526,493
Receivables**	**233,200,278**	232,724,210
Due from related parties	**13,973,896**	13,894,316
Investment in quoted bonds measured at FVOCI	**1,018,865,149**	993,268,917

**excluding cash on hand amounting to P10,000 as at December 31, 2020 and 2019.*

***excluding advances subject to liquidation totaling P176,117 and P177,154 as at December 31, 2020 and 2019, respectively.*

Determining Fair Value of Financial Assets at FVOCI
The Company carries financial assets at FVOCI at fair value in the separate statements of financial position. Determining the fair value of financial assets at FVOCI requires extensive use of accounting estimates and judgment. The Company determined the fair values of financial assets at 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 FVOCI amounted to P1,018.9 million and P993.3 million as at December 31, 2020 and 2019, respectively (see Notes 7 and 19).

Estimating Useful Lives of Investment Property and Property and Equipment
The Company 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 investment property was sold in 2018 (see Note 9).

The carrying amount of property and equipment amounted to P14,208 and P69,835 as at December 31, 2020 and 2019, respectively (see Note 10).

Estimating Impairment Losses on Nonfinancial Assets
An impairment review is performed when certain impairment indicators are present. The Company 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 Company 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 in 2020, 2019 and 2018.

The carrying amounts of nonfinancial assets are as follows:

	2020	2019
Investment in a subsidiary	**P25,000,000**	P25,000,000
Advances subject to liquidation	**176,117**	177,154
Property and equipment	**14,208**	69,835
ROU asset	**–**	1,154,506
Other current assets	**1,540,664**	1,167,806

Assessing Recoverability of Deferred Tax Assets
The Company'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 Company's past results and future expectations on revenue and expenses.

The Company did not recognize its deferred tax assets amounting to P5.4 million and P4.7 million as at December 31, 2020 and 2019, 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 15).

4. Cash and Cash Equivalents

This account consists of:

	2020	2019
Cash on hand and in banks	**P37,736,710**	P31,493,828
Cash equivalents	**160,960,507**	172,042,665
	P198,697,217	P203,536,493

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 Company, and earn interest at prevailing special savings and time deposits rates.

Interest income earned from cash in banks and cash equivalents amounted to P2.6 million in 2020, P8.9 million in 2019 and P8.6 million in 2018 (see Note 13).

5. Receivables

This account consists of:

	2020	2019
Notes and loans receivable		
Promissory notes issued by various financial institutions	**P132,267,379**	P134,966,588
Corporate notes (Note 16)	**95,464,269**	93,805,002
Interest receivable	**5,440,539**	3,795,085
Advances subject to liquidation	**176,117**	177,154
Dividend receivable	**28,091**	157,535
	233,376,395	232,901,364
Less noncurrent portion	**(8,000,000)**	(37,000,000)
Current portion of receivables	**P225,376,395**	P195,901,364

The Company did not recognize any provision for ECL on receivables in 2020, 2019 and 2018.

Notes and Loans Receivable

Corporate Notes
Corporate notes outstanding as at December 31, 2020 and 2019 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 P11.5 million in 2020, P10.9 million in 2019 and P4.8 million in 2018 (see Note 13).

Interest receivable amounting to P1.7 million was converted to principal amount of notes receivable. This transaction is considered as a noncash financial information in the separate statements of cash flows.

Advances Subject to Liquidation
Advances subject to liquidation pertains mainly to advances made to officers for operations of the Company.

6. Other Current Assets

This account consists of:

	2020	2019
Creditable withholding tax	**P741,274**	P620,872
Input VAT	**799,390**	546,934
	P1,540,664	P1,167,806

7. Financial Assets at FVOCI

This account consists of:

	2020	2019
Investments in:		
Quoted bonds	**P669,389,023**	P668,970,226
Quoted shares of stocks	**239,241,502**	215,308,854
UITFs	**104,934,624**	103,889,837
Club memberships	**5,300,000**	5,100,000
	P1,018,865,149	P993,268,917

Movements of financial assets at FVOCI and cumulative unrealized gain (loss) on financial assets at FVOCI are as follows:

	2020	2019	2018
Cost			
Balance at beginning of year	**P994,889,263**	P962,714,559	P873,944,810
Additions	**420,412,719**	319,570,578	116,937,793
Disposals	**(395,271,930)**	(287,395,874)	(28,168,044)
Balance at end of year	**1,020,030,052**	994,889,263	962,714,559
Cumulative Unrealized Gain (Loss)			
Balance at beginning of year	**(1,620,346)**	(39,864,383)	5,375,694
Unrealized fair value gain (loss) during the year	**4,920,642**	40,299,945	(45,828,850)
Reclassification of cumulative fair value changes of debt instruments measured at FVOCI sold to profit or loss	**(2,940,907)**	2,687,077	–
Reclassification of cumulative fair value changes of equity instruments measured at FVOCI sold to retained earnings	**(1,524,292)**	(4,742,985)	588,773
Balance at end of year	**(1,164,903)**	(1,620,346)	(39,864,383)
Carrying amount	**P1,018,865,149**	P993,268,917	P922,850,176

Interest income earned from financial assets at FVOCI amounted to P26.3 million in 2020, P23.9 million in 2019 and P16.5 million in 2018 (see Note 13).

Dividend income earned from financial assets at FVOCI amounted to P6.5 million in 2020, P7.8 million in 2019 and P6.8 million in 2018 (see Note 13).

Realized gain (loss) on sale of debt instruments at FVOCI recognized directly to profit or loss amounted to P2.9 million in 2020, (P2.7 million) in 2019 and nil in 2018.

Realized gain (loss) on sale of equity instruments at FVOCI recognized directly to retained earnings amounted to P1.5 million in 2020, P4.7 million in 2019 and (P0.6 million) in 2018.

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 in 2020, 2019 and 2018.

8. Investment in a Subsidiary

This account pertains to investment in shares of stock of Philcomsat Management Enterprises, Inc. (PMEI). PMEI is engaged in providing business management services. PMEI is wholly-owned subsidiary of the Company as at December 31, 2020 and 2019.

The key financial information of PMEI is as follows:

	2020	2019
Assets	**P33,904,426**	P33,142,164
Liabilities	**4,621,183**	4,601,866
Net assets	**29,283,243**	28,540,298
Net income	**742,945**	663,362

PMEI obtained control of Philippine Stock Transfer, Inc. (PSTI) by acquiring 70.56 percent of the shares and voting interest in PSTI on June 2014 and the remaining 29.44 percent in December 2015. PSTI is engaged in the stock and transfer agency business. Accordingly, the Company indirectly became the Parent Company of PSTI.

PSTI and the 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 Company's reporting period as at and for the calendar year ending December 31.

The key financial information of PSTI based on available financial statements (unaudited) as of and for the years ended December 31, 2020 and 2019 is as follows:

	2020	2019
Assets	**P3,682,640**	P3,620,082
Liabilities	**484,888**	763,946
Net assets	**3,197,752**	2,856,136
Net income	**506,333**	63,213

The carrying amount of the investment in a subsidiary amounted to P25.0 million as at December 31, 2020 and 2019.

9. Property and Equipment

Movements in this account are as follows:

	2019	Additions	Disposals	2020
Cost				
Transportation equipment	P5,011,638	P–	P–	**P5,011,638**
Furniture and fixtures	3,486,626	–	–	**3,486,626**
Office equipment	508,030	–	–	**508,030**
	9,006,294	–	–	**9,006,294**
Less accumulated depreciation				
Transportation equipment	4,985,251	12,179	–	**4,997,430**
Furniture and fixtures	3,486,626	–	–	**3,486,626**
Office equipment	464,582	43,448	–	**508,030**
	8,936,459	55,627	–	**8,992,086**
	P69,835			**P14,208**

	2018	Additions	Disposals	2019
Cost				
Transportation equipment	P5,011,638	P–	P–	P5,011,638
Furniture and fixtures	3,486,626	–	–	3,486,626
Office equipment	508,030	–	–	508,030
	9,006,294	–	–	9,006,294
Less accumulated depreciation				
Transportation equipment	4,952,685	32,566	–	4,985,251
Furniture and fixtures	3,486,626	–	–	3,486,626
Office equipment	411,772	52,810	–	464,582
	8,851,083	85,376	–	8,936,459
	P155,211			P69,835

Depreciation expense from property and equipment is recognized as part of general and administrative expenses in 2020, 2019 and 2018 (see Note 14).

Fully-depreciated property and equipment being used by the Company amounted to P8.9 million as at December 31, 2020 and 2019.

10. Investment Property

The Company's investment property pertains to a condominium unit located at 2nd Floor Pacific Star Building, Sen. Gil Puyat Avenue, Makati City which was sold in 2018.

The condominium unit with a net carrying value of P102.3 million was sold for P201.4 million, resulting to a gain on sale amounting to P99.1 million (see Note 13). The Company leased a portion of the condominium unit commencing on January 1, 2018 and ended on the date of sale of investment property (see Note 12).

The Company leased a portion of the condominium unit commencing on January 1, 2018 and ended on the date of sale of investment property (see Note 12).

The Company recognized depreciation expense from investment property amounting to P1,373,100 as part of cost of services in 2018 (see Note 14).

11. Trade and Statutory Payables

This account consists of:

	2020	2019
Trade payables	**P2,192,687**	P239,362
Statutory payables	**605,443**	414,060
	P2,798,130	P653,422

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

Statutory payables pertain to expanded withholding taxes.

12. 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. On January 1, 2019, the lease contract was renewed. The annual rent is subject to escalation fee of 5%.

The following are the amounts recognized in the separate statements of income:

	2020	2019	2018
Depreciation on ROU asset	**P1,154,506**	P1,154,506	P–
Rent expense	**–**	–	1,241,282
Interest on lease liability	**45,922**	111,397	–
	P1,200,428	P1,265,903	P1,241,282

Movements in the ROU asset as at December 31, 2020 and 2019 are presented below:

	Amount
Balance as at January 1, 2019	P–
Additions	2,309,012
Depreciation (Note 14)	(1,154,506)
Balance as at December 31, 2019	1,154,506
Additions	–
Depreciation (Note 14)	(1,154,506)
Balance as at December 31, 2020	**P–**

Movements in the lease liability as at December 31, 2020 and 2019 are presented below:

	Amount
Balance as at January 1, 2019	P–
Additions	2,309,012
Interest expense (Note 14)	111,397
Payments	(1,203,088)
Balance as at December 31, 2019	1,217,321
Additions	–
Interest expense (Note 14)	45,922
Payments	(1,263,243)
Balance as at December 31, 2020	**P–**

Total cash outflows for the payment of lease liability amounted to P1.3 million and P1.2 million in 2020 and 2019, respectively.

The present value of the minimum lease payments for each of the following periods are as follows:

	2020	2019
Not later than one year	**P–**	P1,217,321
More than one year but not later than five years	**–**	–
More than five years	**–**	–
	P–	P1,217,321

The future minimum lease payments for each of the following periods are as follows:

	2020	2019
Not later than one year	P–	P1,263,243
More than one year but not later than five years	–	–
More than five years	–	–
Total minimum lease obligation	–	1,263,243
Less future finance charges on lease liability	–	45,922
	P–	P1,217,321

The Company's minimum lease payments are as follows:

December 31, 2019	Minimum lease payments	Interest	Principal
Not later than one year	P1,263,243	P45,922	P1,217,321
More than one year but not later than five years	–	–	–
More than five years	–	–	–
	P1,263,243	P45,922	P1,217,321

As at December 31, 2020, the Company has no outstanding commitments under non-cancellable leases.

The Company as a Lessor

The Company previously leased a portion of its condominium unit located at 2nd Floor Pacific Star Building, Gil Puyat Avenue, Makati City to a certain tenant. Monthly rental subject to a 5% annual escalation amounted to P1.0 million commencing on January 1, 2018 and ended when the Company sold the investment property in the second quarter of 2018. The Company also leased out parking slots to a certain tenant in 2018. Rental deposit received amounting to P1.2 million as at December 31, 2020 and 2019 is shown as "Customers' deposits" account in the separate statements of financial position. The Company has not yet refunded the rental deposit.

Rent income from the said lease amounted to nil in 2020 and 2019, P4.4 million in 2018 (see Note 13).

13. Revenue

Disaggregation of revenue is as follows:

	2020	2019	2018
Revenue:			
Interest income	**P40,364,519**	P43,725,045	P30,342,753
Dividend income (Note 7)	**6,528,215**	7,777,656	6,811,846
Rent income (Note 12)	–	–	4,359,200
	P46,892,734	P51,502,701	P41,513,799
Gain on sale of investment property (Note 10)	**P–**	P–	P99,112,936

Interest income included in revenue as shown in the separate statements of income is earned from the following:

	2020	2019	2018
Cash and cash equivalents (Note 4)	**P2,550,684**	P8,879,483	P8,598,725
Short-term investments	**–**	–	441,238
Receivables (Note 5)	**11,547,919**	10,898,378	4,841,412
Financial assets at FVOCI (Note 7)	**26,265,916**	23,947,184	16,461,378
	P40,364,519	P43,725,045	P30,342,753

14. Costs and Expenses

This account consists of:

	2020	2019	2018
Professional fees	**P10,776,549**	P10,799,510	P10,761,557
Taxes and licenses	**6,178,323**	5,140,837	977,187
Directors' fees (Note 16)	**3,945,241**	3,550,000	5,840,000
Representation and entertainment	**2,336,735**	1,979,073	3,275,659
Bank charges	**1,576,071**	1,432,124	26,578
Transportation and travel	**1,243,037**	1,450,050	1,598,037
Depreciation (Notes 10 and 12)	**1,210,133**	1,239,882	1,500,220
Legal fees	**784,206**	932,169	2,121,209
Dues and subscription	**172,400**	171,232	730,604
Advertising	**159,393**	37,000	72,000
Office supplies	**139,996**	138,616	348,931
Communication, light and water	**105,988**	254,838	316,805
Trainings and seminars	**59,338**	109,460	111,413
Interest expense (Note 12)	**45,922**	111,397	–
Repairs and maintenance	**22,162**	15,637	341,130
Insurance	**1,622**	21,219	142,825
Rent (Note 12)	**–**	–	1,241,282
Donations and others	**165,237**	122,571	98,032
	P28,922,353	P27,505,615	P29,503,469

15. Income Tax

The provision for current income tax pertains to MCIT in 2020 and 2019 and RCIT in 2018. The Company's income tax was computed using the Optional Standard Deduction (OSD) in 2018.

The reconciliation of the income tax expense computed at statutory tax rate to actual income tax expense (benefit) as presented in the separate statements of income are as follows:

	2020	2019	2018
Income tax at statutory rate	**P5,308,503**	P5,787,872	P34,087,235
Change in unrecognized deferred tax assets	**5,374,309**	4,743,826	(4,339,513)
Add (deduct) tax effects of:			
Nontaxable:			
Difference between OSD and itemized deductions	**–**	–	(4,827,820)
Realized loss (gain) on sale of debt instruments measured at FVOCI	**(882,272)**	806,123	–
Dividend income	**(1,958,465)**	(2,333,297)	(2,043,554)
Interest income already subjected to final tax	**(10,191,766)**	(11,589,475)	(7,651,519)
Nondeductible expenses	**2,477,530**	1,986,431	661,889
Expired NOLCO	**–**	–	4,112,213
	P127,839	(P598,520)	P19,998,931

The components of the Company's unrecognized deferred tax assets are as follows:

	2020	2019
NOLCO	**P4,886,717**	P3,986,798
Unrealized foreign exchange loss	**359,753**	605,131
MCIT	**127,839**	151,897
	P5,374,309	P4,743,826

Deferred tax assets were unrecognized as management assessed that there may be no future taxable profits against which these can be applied.

The Company's NOLCO amounting to P13,707,377 expired in 2018.

16. Related Party Transactions

The Company has transactions with related parties as follows:

	Nature of Transaction	**2020**	Amount of Transactions (in millions) 2019	2018	Outstanding Balance (in millions) **2020**	2019
Included under "Receivables" (Note 5)						
Company under Common Control						
MBCI*	Notes receivable	**P–**	P20.0	P6.5	**P48.8**	P48.8
MBCI	Interest Income	**3.7**	2.5	0.2	**3.1**	0.3
Immediate Parent						
Philcomsat	Notes receivable	**20.0**	–	–	**20.0**	–
					P71.9	P49.1

**Montemar Beach Club Inc. (MBCI)*

	Nature of Transaction	Amount of Transactions (in millions) 2020	2019	2018	Outstanding Balance (in millions) 2020	2019
Presented under "Due from Related Parties"						
Company under Common Control						
MBCI	Cash advances	**P–**	(P3.9)	P–	**P9.6**	P9.6
MRDC*	Cash advances	**–**	–	–	**0.3**	0.3
Immediate Parent						
Philcomsat	Cash advances	**0.1**	–	–	**3.5**	3.4
Subsidiary						
PMEI	Cash advances	**–**	–	–	**0.6**	0.6
					P14.0	P13.9

*Montemar Resort Development Corp. (MRDC)

	Nature of Transaction	2020	2019	2018	2020	2019
Presented under "Lease Liability" (Note 12)						
Immediate Parent						
Philcomsat	Lease of office space	**(P1.2)**	(P1.1)	P–	**P1.2**	P1.2
Philcomsat	Interest expense	**(0.05)**	(0.1)	–	**–**	–
					P1.2	P1.2
Presented under "Deposit for Future Stock Subscription"						
Immediate Parent						
Philcomsat	Future subscription	**P–**	P–	P–	**P18.9**	P18.9
Included under "Costs and Expenses" (Note 12)						
Immediate Parent						
Philcomsat	Rent of office space	**P–**	P–	(P1.2)	**P–**	P–
Philcomsat	Association dues	**(0.1)**	(0.1)	(0.1)	**–**	–
Philcomsat	Utilities	**(0.04)**	(0.1)	(0.1)	**–**	–
Subsidiary						
PSTI	Professional fee as stock transfer agent	**(0.2)**	(0.2)	(0.2)	**–**	–
					P–	P–

Receivable from Philcomsat and MBCI

Cash advances to Philcomsat and MBCI 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 in 2020 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.

The Company as a Lessee
The Company 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 term is for two years and is renewable under mutual agreement of both parties.

Stock Transfer Agency
The Company entered into an agreement with PSTI to avail of 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 P3.9 million in 2020, P3.6 million in 2019 and P5.8 million in 2018 (see Note 14).

The Company does not have any regular employees. The accounting and management services are under the management of Philcomsat.

17. Earnings Per Share

Basic/diluted earnings per share is computed as follows:

	2020	2019	2018
Net income	**P17,567,170**	P19,891,426	P93,625,185
Weighted average number of shares outstanding	**996,391,254**	996,391,254	996,391,254
	P0.0176	P0.0200	P0.0940

18. Financial Risk Management Objectives and Policies

The Company's principal financial instruments are comprised of cash and cash equivalents, short-term investments, receivables (excluding advances subject to liquidation), due from related parties, financial assets at FVOCI, trade payables and customers' deposits. The main risks arising from the Company'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 Company's market risk management is financial assets at FVOCI. The Company 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 Company 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 in 2020, 2019 and 2018.

	Increase (Decrease) in PSEi	Increase (Decrease) in Other Comprehensive Income
2020	**10%**	**P23,489,183**
	(35%)	**(84,317,292)**
2019	8%	16,649,174
	(4%)	(9,628,656)
2018	21%	43,271,778
	(7%)	(13,658,584)

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, 2020, 2019 and 2018.

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, 2020, 2019 and 2018, 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 2020, 2019 and 2018.

	Increase (Decrease) in PHP BVAL	Increase (Decrease) in Other Comprehensive Income
2020	**98%**	**P658,959,070**
	(7%)	**(47,870,809)**
2019	73%	489,414,071
	(1%)	(5,436,104)
2018	22%	133,984,842
	(33%)	(199,564,529)

Foreign Exchange Risk
The Company's foreign-currency denominated financial instrument consists of cash in banks and cash equivalents totaling US$1.6 million and US$1.1 million as at December 31, 2020 and 2019. The Company's exposure to foreign currency risk is insignificant.

The Company'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 Company. Financial assets that potentially subject the Company to credit risk consist primarily of cash in banks and cash equivalents, receivables (excluding advances subject to liquidation), due from related parties, short-term investments and debt instruments measured at FVOCI.

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.

Financial Assets
The Company 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 separate financial statements, the Company 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 Company has no concentration of credit risk. The carrying amounts of the Company's financial assets at amortized cost and FVOCI represent the maximum exposure to credit risk as at the reporting date as follows:

	2020	2019
Cash and cash equivalents*	**P198,687,217**	P203,526,493
Receivables**	**233,200,278**	232,724,210
Due from related parties	**13,973,896**	13,894,316
Financial assets at FVOCI	**1,018,865,149**	993,268,917

**excluding cash on hand amounting to P10,000 as at December 31, 2020 and 2019.*

***excluding advances subject to liquidation amounting to P176,117 and P177,154 as at December 31, 2020 and 2019, respectively.*

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 Company does not hold collateral as security.

Liquidity Risk
The Company seeks to manage its liquid funds through cash planning on a monthly basis. The Company uses historical figures and experiences, and forecasts from its collection and disbursements. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows. Moreover, it continuously assesses conditions in the financial markets for possible business opportunities.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash. The Company considers its available funds and its liquidity in managing its financial requirements. For its short-term funding, the Company's policy is to ensure that there are sufficient capital inflows to match repayments of trade payables.

The tables below summarize the maturity profile of the Company's financial liability based on contractual undiscounted payments:

	2020				
	On Demand	**1 to 3 months**	**3 to 12 months**	**More than 12 months**	**Total**
Trade payables	**P–**	**P2,192,687**	**P–**	**P–**	**P2,192,687**
Customers' deposits	**1,237,874**	**–**	**–**	**–**	**1,237,874**
	P1,237,874	**P2,192,687**	**P–**	**P–**	**P3,430,561**

	2019				
	On Demand	1 to 3 months	3 to 12 months	More than 12 months	Total
Trade payables	P–	P239,362	P–	P–	P239,362
Customers' deposits	1,237,874	–	–	–	1,237,874
Lease liability	–	296,533	920,788	–	1,217,321
	P1,237,874	P535,895	P920,788	P–	P2,694,557

19. 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

	2020		2019	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Cash and cash equivalents	**P198,697,217**	**P198,697,217**	P203,536,493	P203,536,493
Receivables*	**233,200,278**	**233,200,278**	232,724,210	232,724,210
Due from related parties	**13,973,896**	**13,973,896**	13,894,316	13,894,316
Financial assets at FVOCI:				
Quoted bonds	**669,389,023**	**669,389,023**	668,970,226	668,970,226
Quoted shares of stocks	**239,241,502**	**239,241,502**	215,308,854	215,308,854
UITFs	**104,934,624**	**104,934,624**	103,889,837	103,889,837
Club memberships	**5,300,000**	**5,300,000**	5,100,000	5,100,000
	P1,464,736,540	**P1,464,736,540**	P1,443,423,936	P1,443,423,936

**excluding advances subject to liquidation totaling P176,117 and P177,154 as at December 31, 2020 and 2019, respectively.*

Financial Liabilities

	2020		2019	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Trade payables	**P2,192,687**	**P2,192,687**	P239,362	P239,362
Customers' deposits	**1,237,874**	**1,237,874**	1,237,874	1,237,874
Lease liability	**–**	**–**	1,217,321	1,217,321
	P3,430,561	**P3,430,561**	P2,694,557	P2,694,557

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, Trade Payable 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 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% in 2020 and 2019. The fair value measurement of these receivables is classified as Level 2 (Significant observable inputs).

Lease Liability. The carrying amount of lease liability 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.

20. 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:

	2020	2019
Total Debt	**P22,930,004**	P22,002,617
Total Equity	**1,468,537,525**	1,448,990,620
Debt-to-equity ratio	**0.02:1**	0.02:1

21. Changes in Liabilities Arising from Financing Activities

The following table summarizes the changes in liabilities arising from financing activities as at December 31, 2020 and 2019:

	2019	Additions	Payments	**2020**
Lease liability	P1,217,321	P–	P1,217,321	**P–**

	2018	Additions	Payments	2019
Lease liability	P–	P2,309,012	P1,091,691	P1,217,321

22. 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 Company. The 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 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 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).

23. 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 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.

- 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 Apellant'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 its 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 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. The case was promulgated on December 2, 2020 and Brodett's conviction was affirmed. He then filed an appeal.

- 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 Locsin and Andal for Alleged Excessive Amounts of Salaries and Bonuses

  On September 11, 2006, the Company filed a complaint against Locsin and Andal with the office of the Ombudsman seeking for the latter to file criminal and administrative charges against the accused for alleged excessive amounts of salaries and bonuses from the Company for their personal gain, and in clear violation of Memorandum Circulars which limit the salary received by public officials. The Ombudsman filed Informations for Violation of the Anti-Graft and Corrupt Practices Act on December 7, 2011 against both Andal and Locsin with the Sandiganbayan for receiving a total of P15.0 million and P11.0 million, respectively, from 2003 to 2005, from the Company.

  Due to the need for the prosecution's witness to identify, and testify on, voluminous accounting records showing the guilt of the accused, the Court ordered the parties to enter into a stipulation of facts to expedite the proceedings. Andal, through counsel, stipulated on the facts propounded by the Prosecution. During the hearing on September 28, 2017, Locsin, through counsel, asked for time to study the prosecution's documents. On July 17, 2018, the prosecution's witness completed her testimony.

  The prosecution has already filed its Formal Offer of Evidence and rested its case. On November 29, 2018, accused Andal with leave of court filed a Demurrer to Evidence while accused Locsin filed his own on December 3, 2018. On July 5, 2019, the Sandiganbayan issued a Resolution which a) granted the accused Demurrers to Evidence; b) dismissed the cases against them; c) lifted and set aside the Hold Departure Orders against them; and d) ordered released the bail bonds they posted, if any. On July 30, 2019, the Private Prosecution filed its Motion for Reconsideration of the said Resolution on the civil aspect of the case, which was denied in a Resolution dated October 25, 2019. The Company decided not to pursue the case with the Supreme Court.

- 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.

24. Impact of Coronavirus of 2019 (COVID-19) Update

The Company derives its income from money market placements, bank deposits and other financial assets and investments. The Company maintained its portfolio during the government-mandated lockdown of the National Capital Region. The Company did not make any new investments during the first month of the lockdown; fixed-income investments which matured during the period were extended on a monthly basis. During this time, each issue in the portfolio was evaluated to determine the effects of COVID19 on operations. In the second half of the year, the Company invested in selected new corporate issues as they were offered.

25. Events After the Reporting Period

The Corporate Recovery and Tax Incentives for Enterprises (CREATE) has been signed by the President on March 26, 2021 as RA No. 11534.

The following are the key provisions of the CREATE law that are relative to the Company:

Corporate Income Tax (CIT)

- Starting July 1, 2020, CIT rate for corporations is reduced as follows:

  a. Reduced CIT rate of 20% are applicable to domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 Million (excluding land on which the business entity's office, plant and equipment are situated).

  b. Reduced CIT rate of 25% is applicable to all other domestic and resident foreign corporations.

- For the period beginning July 1, 2020 until June 30, 2023, minimum corporate income tax rate is 1%, instead of 2%.

Deductions from Gross Income
Due to the reduction in CIT rate, interest arbitrage is reduced to 20% of interest income subjected to final tax, and will be further adjusted in case final tax on interest income will be adjusted in the future.

Effect of changes in tax rates on current and unrecognized deferred tax assets are as follows:

Minimum Corporate Income Tax

	Tax due at 2%	Tax due at 2% and 1%	Difference
Taxable income	P6,391,966	P6,391,966	
Tax due	P127,839	P95,879	P31,960

Unrecognized Deferred Tax Assets

	Tax due at 30%	Tax due at 25%	Difference
NOLCO	P4,886,717	P4,057,226	P829,491
Unrealized foreign exchange loss	964,884	804,070	160,814
MCIT	127,839	95,879	31,960
	P5,979,440	P4,957,175	P1,022,265

The effect of changes in tax rates will be recognized in the Company's 2021 separate financial statements.

26. Supplementary Information Required by the BIR Revenue Regulation No. 15-2010

The information for the taxable year 2020 required by the above regulation is presented below:

Output VAT
The amount of output VAT declared for the year ended December 31, 2020 amounted to P377,391 based on receipts amounting to P3,144,922.

Input VAT

The movements in the input VAT paid for by the Company for the year ended December 31, 2020 are shown below:

	Gross Amount	Input VAT
Balance at beginning of year		P335,991
Current year's domestic purchases/payments for:		
Goods other than for resale or manufacture	1,808,705	217,045
Services lodged under other accounts	3,361,745	403,409
Total available input VAT		956,445
Less applied against output VAT		377,391
		P579,054

All Other Local and National Taxes

The Company's local and national taxes for the year ended December 31, 2020 consist of:

Tax amnesty	P5,891,517
PSE annual listing	253,000
Business permit	28,934
Others	4,872
	P6,178,323

The Company availed the tax amnesty program of the government. The Company applied for tax amnesty on delinquencies covering the taxable year 2015 as follows:

	Amount	Date Paid
Value added tax	P5,308,108	16-Mar-20
Income tax	406,898	16-Mar-20
Documentary stamp tax	116,200	16-Mar-20
Withholding tax expanded	60,311	16-Mar-20
Total	P5,891,517	

The above local and national taxes are classified under "Taxes and licenses" account included under costs and expenses in the separate statements of income.

Withholding Taxes

The Company paid expanded withholding taxes amounting to P1,502,817 for the year ended December 31, 2020.

Tax Assessments and Tax Cases

The Company has no pending tax assessment or tax case in courts or other regulatory bodies outside the BIR as at and for the year ended December 31, 2020.

MOORE

M&Q

Mendoza Querido & Co.

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PRC/BOA Accreditation No. 0966
September 22, 2020, valid until
August 22, 2023
SEC Accreditation No. 0966-SEC (Group A)
Issued November 24, 2020
Valid for Financial Periods 2020 to 2024

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Philcomsat Holdings Corporation
12th Floor Telecom Plaza Building
316 Sen. Gil Puyat Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the separate financial statements of Philcomsat Holdings Corporation (a subsidiary of Philippine Communications Satellite Corporation) [the Company] as at and for the years ended December 31, 2020 and 2019 and have issued our report thereon dated April 12, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management. This schedule is presented for purposes of complying with the Revised SRC Rule 68 (2019), and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

For the Firm: **MENDOZA QUERIDO & CO.**

RICHARD S. QUERIDO
Partner
CPA Certificate No. 84807
SEC Accreditation No. 84807-SEC (Group A)
Issued November 24, 2020
Valid for Financial Periods 2020 to 2024
TIN 102-094-633
BIR Accreditation No. 08-002617-002-2019
January 21, 2019, valid until January 20, 2022
PTR No. 8539444, January 9, 2021, Makati City

April 12, 2021

PHILCOMSAT HOLDINGS CORPORATION
(A Subsidiary of Philippine Communications Satellite Corporation)

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2020

	Amount
Unappropriated retained earnings, beginning of year	P454,219,712
Adjustments in previous year's reconciliation	(1,743,723)
Unappropriated retained earnings, as adjusted to available for dividend distribution, beginning of the year	452,475,989
Net income during the period closed to retained earnings	17,567,170
Reclassification of cumulative fair value changes of equity instruments measured at FVOCI sold from other comprehensive income	1,524,292
TOTAL RETAINED EARNINGS, END OF YEAR AVAILABLE FOR DIVIDEND	P471,567,451

Reconciliation:	Amount
Unappropriated retained earnings at end of period as shown in the separate financial statements	P473,311,174
Unrealized foreign exchange gain – net	(1,743,723)
TOTAL RETAINED EARNINGS, END OF YEAR AVAILABLE FOR DIVIDEND	P471,567,451

See accompanying Notes to Financial Statements.

Annex A: Reporting Template

(For additional guidance on how to answer the Topics, organizations may refer to Annex B: Topic Guide)

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	2020
Highest Ranking Person responsible for this report	Erlinda I. Bildner, Chairman, Philcomsat Management Enterprises, Inc., and CFO, Philcomsat Holdings Corporation.

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.[1]
Despite the absence of any substantial change in the organization that could affect the topics that were previously identified and classified as material, all topics were reevaluated to determine whether they remained material or have become less/non-material based on the significance of the organization's economic, environmental, and social impacts, and the substantive influence of such topics on the assessments and decisions of the stakeholders. Topics that were determined as less or non-material remained since these were deemed essential to the organization's developing sustainability management system. All topics are periodically reevaluated to determine materiality and the degree of such materiality.

[1] See GRI 102-46 (2016) for more guidance.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	54,260,872	PhP
Direct economic value distributed:		
a. Operating costs	1,945,743	PhP
b. Employee wages and benefits	1,404,344	PhP
c. Payments to suppliers, other operating costs	24,911,473	Php
d. Dividends given to stockholders and interest payments to loan providers	64,988	PhP
e. Taxes given to government	6,266,800	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
Since the Corporation primarily relies on consultants and part-time workers for its operations rather than hiring full-time employees, expenses for employee wages and benefits account for only 5% of the revenues generated.	*Employees*	*Management assesses on an annual basis the need to engage the services of full-time employees for its operations. Currently, management has determined that there is yet no need for such employees. Once the business reaches a certain level, it is expected that full-time employees will be engaged.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Management has identified the inadequacy of a succession plan as a risk associated with this topic because of its engagement of consultants and part-time workers rather than hiring full-time employees. Although such workers are able to perform the jobs that they were engaged for, they may not be compelled to remain with the Corporation considering the	*Employees*	*Once the business reaches a certain level, it is expected that full-time employees will be engaged.*

lack of security of tenure. Without tenured employees who are familiar with the work performed by such consultants and part-time workers, taking over such works by incoming workers in the event of incapacity may pose a challenge.		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Management has identified the automation of some business processes as an opportunity associated with this topic.	*Employees*	*Automation of certain processes such as in stock transfer services where reports required by the client can be accessed digitally on a secured network is one of the jobs that Management is considering for automation to minimize man power requirements/hours.*

Climate-related risks and opportunities[2]

Governance	Strategy	Risk Management	Metrics and Targets
Management of the day-to-day operations of the Corporation and PMEI is the responsibility of the CFO, Ms. Erlinda I. Bildner. While the management of the day-to-day operations of PSTI is the responsibility of Ms. Jeneline Serafica. The Board is apprised of the day-to-day operations at its next meeting.	*During the monsoon season when flooding within Metro Manila area occurs, employees not affected are encouraged to come to work with hazard pay, while those that may be affected are either fetched by the Corporation's vehicles or permitted to work from home and are required to submit accomplishment reports.*	*The Corporation mainly relies on weather reports by the national weather agency.*	*Employees' work is divided into crucial or non-crucial depending on the time element. It is always the aim of the Corporation to provide crucial work for its clients. In case of sudden work stoppage, crucial work is prioritized over non-crucial, and cruciality is determined by the accomplishment report of each employee.*

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units

[2] 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.

Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	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
Materials are procured on an as needed basis, as such, locally-based suppliers are mainly relied upon based on availability, speed of delivery, and cost.	*Suppliers*	*Management requires that materials used on a regular basis are ordered in advance which gives the procurement officer ample time to canvass and procure such materials at a lower cost. Management assesses which materials are needed on a regular basis.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Procurement of materials on an as needed basis may not be the most cost-effective method. Further, procurement of materials based on availability means that the suppliers vary and thus, negatively impacts length/stability of relationship with the suppliers.	*Suppliers*	*Management requires that materials used on a regular basis are ordered in advance which gives the procurement officer ample time to canvass and procure such materials at a lower cost. Management assesses which materials are needed on a regular basis.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The opportunity identified from this topic is that there is no surplus of materials.	*Suppliers*	*Management requires that materials used on a regular basis are ordered in advance which gives the procurement officer ample time to canvass and procure such materials at a lower cost. Management assesses which materials are needed on a regular basis*

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
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**
The Corporation's anti-corruption policy is in the Code of Conduct of the Philcomsat Group of Companies and disseminated to all employees of the Corporation and its subsidiaries. In its money market and financial instruments operations, the Corporation is approached by several brokers and agents offering various financial instruments with varying terms and rates. These brokers and agents may attempt to influence Management's decision on whether to invest in a certain financial instrument by giving gifts of value, which fortunately, has not occurred.	*Stockholders and Suppliers*	*All investments are decided upon by a committee and then approved by the Board. This eliminates any probable influence that a broker or agent may have on any member of Management. Moreover, the Board has a strict policy of compelling any of its members to disclose if they are in any way associated with an investment recommended to it, and if so, requiring them to recuse themselves from any discussions/decisions pertaining to such investment.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The risk of corruption in this topic is the Corporation may not be able to maximize returns on its investments as in lieu of taking an advantage of an opportunity to invest in an instrument that yields higher returns, it may choose to go with preferred financial instruments as a result of the	*Stockholders and Suppliers*	*By putting several layers of approvals before any investment is made, any probable influence that a broker or agent may have on any member of Management is lessened if not totally eliminated. Moreover, the Board has a strict policy of compelling any of its members to disclose if they are in any way associated with an investment recommended to it, and if so, requiring*

influence of the latter's brokers or agents.		*them to recuse themselves from any discussions/decisions pertaining to such investment.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Corporation is able to spread its investments with money market placements and financial instruments in various institutions and therefore lessen the risk of loss.	*Stockholders and Suppliers*	*Management requires strict adherence to the policies described above as well as respect for the different levels of approval required before any investment is placed. In this way the Corporation can diversify its portfolio and avoid the risk of financial loss because of poorly placed investments.*

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
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.	*Directors, Employees and Business Partners.*	*Management insists on strict adherence to the policies described above as well as respect for the different levels of approval required before any investment is placed. In this way the Corporation can diversify its portfolio and avoid the risk of financial loss because of poorly placed investments.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The risk of corruption in this topic is the Corporation may not be able to maximize returns on its	*Directors, Employees and Business Partners.*	*Management insists on strict adherence to the policies described above as well as respect for the different levels of approval*

investments as in lieu of taking an advantage of an opportunity to invest in an instrument that yields higher returns, it may choose to go with preferred financial instruments as a result of the influence of the latter's brokers or agents.		*required before any investment is placed. In this way the Corporation can diversify its portfolio and avoid the risk of financial loss because of poorly placed investments.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Corporation is able to spread its investments with money market placements and financial instruments in various institutions and therefore lessen the risk of loss.	*Directors, Employees and Business Partners.*	*Management insists on strict adherence to the policies described above as well as respect for the different levels of approval required before any investment is placed. In this way the Corporation can diversify its portfolio and avoid the risk of financial loss because of poorly placed investments.*

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	38,144.34	l
Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	0	GJ
Energy consumption (electricity)	24,980	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
Electricity and gasoline are the main sources of energy consumed by the Corporation and its subsidiaries. The building which houses the Corporation and its subsidiaries have centralized air-conditioning which makes up more than half of its electricity consumption. The building administrator then divides the total electricity bill depending on the area occupied by each occupant and charges them accordingly. Insofar as gasoline is concerned, as the Corporation and its subsidiaries are involved in the sale of services, the majority of the gasoline consumption and expense is due to attendance in meetings with potential clients and suppliers.	*Community, Directors, Employees, Clients, and Suppliers.*	*Since Management is unable to change the system of centralized air conditioning in the building, it tries to reduce electricity consumption by discouraging overtime work and using only half the number of lights between 5pm to 8am. Management also tries to arrange meetings in the office or conduct meetings via teleconferencing to lessen gasoline consumption and expense.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
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,	*Community, Directors, Employees, Clients, and Suppliers.*	*Since Management is unable to change the system of centralized air conditioning in the building, it tries to reduce electricity consumption by discouraging overtime work and using only half the number of lights between 5pm to 8am. Management also tries to arrange meetings in the office or conduct*

lessening the number of leads may result in lost opportunities.		*meetings via teleconferencing to lessen gasoline consumption and expense.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
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. With the ongoing pandemic, more meetings have been conducted using various teleconferencing applications such as zoom.	*Community, Directors, Employees, Clients, and Suppliers.*	*Since Management is unable to change the system of centralized air conditioning in the building, it tries to reduce electricity consumption by discouraging overtime work and using only half the number of lights between 5pm to 8am. Management also tries to arrange meetings in the office or conduct meetings via teleconferencing to lessen gasoline consumption and expense.*

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	0	Cubic meters
Water consumption	92	Cubic meters
Water recycled and reused	0	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The primary reason for water consumption is toilet usage.	*Employees*	*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.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Management has not identified any risk/s associated with this topic.	*None*	*None*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**

Management has not identified any opportunity/ies associated with this topic.	*None*	*None*

Materials used by the organization

Disclosure	Quantity	Units
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	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Management has not identified any impact associated with this topic.	*None*	*None*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Management has not identified any risk/s associated with this topic.	*None*	*None*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Management has not identified any opportunity/ies associated with this topic.	*None*	*None*

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
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[3] Red List species and national conservation list species with habitats in areas affected by operations	None	

[3] International Union for Conservation of Nature

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Corporation and its subsidiaries only operate from Makati City which is not a protected area or an area with high biodiversity value.	*None*	*Since the Corporation and its subsidiaries do not operate in a protected area or an area with high biodiversity value, there are currently no policies in place associated with this topic. However, if the Corporation moves its operations to/or acquires a subsidiary that operates in such an area, management will ensure that policies and programs are established and implemented for the protection of the environment.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Management has not identified any risk/s associated with this topic.	*None*	*Since the Corporation and its subsidiaries do not operate in a protected area or an area with high biodiversity value, there are currently no policies in place associated with this topic. However, if the Corporation moves its operations to/or acquires a subsidiary that operates in such an area, management will ensure that policies and programs are established and implemented for the protection of the environment.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Management has not identified any opportunity/ies associated with this topic.	*None*	*Since the Corporation and its subsidiaries do not operate in a protected area or an area with high biodiversity value, there are currently no policies in place associated with this topic. However, if the Corporation moves its operations to/or acquires a subsidiary that operates in such an area, management will ensure that policies and programs are established and implemented for the protection of the environment.*

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	0	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	0	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)	0	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The operations of the Corporation and its subsidiaries do not involve any emission of substances into the air.	*None*	*In the event that the Corporation or its subsidiaries become engaged in activities that involve emission of substances into the air, Management shall establish policies and implement programs for the protection of the environment.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Management has not identified any risk/s associated with this topic.	*None*	*In the event that the Corporation or its subsidiaries become engaged in activities that involve emission of substances into the air, Management shall establish policies and implement programs for the protection of the environment.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Management has not identified any opportunity/ies associated with this topic.	*None*	*In the event that the Corporation or its subsidiaries become engaged in activities that involve emission of substances into the air, Management shall establish policies and implement programs for the protection of the environment.*

Air pollutants

Disclosure	Quantity	Units
NO_x	0	kg
SO_x	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
The business operations of the Corporation and its subsidiaries do not require it to emit substances into the air.	*None*	*In the event that the Corporation or its subsidiaries become engaged in activities that involve emission of substances into the air, Management shall establish policies and implement programs for the protection of the environment.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
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.	*Nine*	*In the event that the Corporation or its subsidiaries become engaged in activities that involve emission of substances into the air, Management shall establish policies and implement programs for the protection of the environment.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
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.		*In the event that the Corporation or its subsidiaries become engaged in activities that involve emission of substances into the air, Management shall establish policies and implement programs for the protection of the environment.*

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	Which stakeholders are affected?	Management Approach

organization's involvement in the impact?		
Paper is the only solid waste generated by the operations of the Corporation and its subsidiaries.	*Community*	*Except for final reports, Management requires that paper be used on both the front and back pages to eliminate waste. Paper is then segregated from other wastes to facilitate easier recycling.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Management has not identified any risk/s associated with this topic.	*Community*	*In the event that the Corporation or its subsidiaries become engaged in activities that produce solid and hazardous waste, Management shall establish policies and implement programs for the proper disposal thereof.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Management has not identified any opportunity/ies associated with this topic.	*Community*	*In the event that the Corporation or its subsidiaries become engaged in activities that produce solid and hazardous waste, Management shall establish policies and implement programs for the proper disposal thereof.*

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	0	kg
Total weight of hazardous waste transported	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
The Corporation and its subsidiaries are not engaged in activities or provide services that result in the production of any hazardous waste.	*None*	*In the event that the Corporation or its subsidiaries become engaged in activities that produce hazardous waste, or acquires a subsidiary that offers products or services that may pose a health and safety risk, Management shall establish policies and implement programs for the proper disposal of hazardous waste.*

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
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.	*None*	*In the event that the Corporation or its subsidiaries become engaged in activities that produce hazardous waste, or acquires a subsidiary that offers products or services that may pose a health and safety risk, Management shall establish policies and implement programs for the proper disposal of hazardous waste.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
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 opportunity/ies associated with this topic.	*None*	*In the event that the Corporation or its subsidiaries become engaged in activities that produce hazardous waste, or acquires a subsidiary that offers products or services that may pose a health and safety risk, Management shall establish policies and implement programs for the proper disposal of hazardous waste.*

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	60	Cubic meters
Percent of wastewater recycled	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
The building which houses the Corporation and its subsidiaries are shared with other organizations, thus, it would require the collective effort of all the building's occupants to purchase and install equipment to recycle wastewater.	*Other building occupants.*	*Management encourages its employees to recycle water however small by using the excess to water plants since no collective effort has yet been made by the other occupants of the building that houses the Corporation and its subsidiaries to install equipment that will enable recycling of wastewater.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**

The sole risk is the cost of equipment for recycling wastewater.	*Other building occupants.*	*Management encourages its employees to recycle water however small by using the excess to water plants since no collective effort has yet been made by the other occupants of the building that houses the Corporation and its subsidiaries to install equipment that will enable recycling of wastewater.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The only probable usage for recycled wastewater at the moment is the watering of plants within the building.	*Other building occupants.*	*Management encourages its employees to recycle water however small by using the excess to water plants since no collective effort has yet been made by the other occupants of the building that houses the Corporation and its subsidiaries to install equipment that will enable recycling of wastewater.*

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
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
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.	*None*	*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.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**

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.	None	*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.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
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.	None	*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.*

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[4]	19	
a. Number of female employees	11	#
b. Number of male employees	8	#
Attrition rate[5]	0	rate
Ratio of lowest paid employee against minimum wage	1:3:1	ratio

[4] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

[5] 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)

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	60	100
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
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.	*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.*
What are the Risk/s Identified?	**Management Approach**
High cost of attrition poses a risk due to lack of additional benefits.	*Only the onboarding of new clients is incentivized through commissions and referral fees.*
What are the Opportunity/ies Identified?	**Management Approach**
Management has not identified any opportunity/s associated with this topic.	*None*

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	0	hours
b. Male employees	32	hours
Average training hours provided to employees		

a. Female employees	0	hours/employee
b. Male employees	0	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Since there have been no new employees hired and 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.	*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.*
What are the Risk/s Identified?	**Management Approach**
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.	*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.*
What are the Opportunity/ies Identified?	**Management Approach**
Management has not identified any opportunity/s associated with this topic.	*None*

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**
Policies affecting the employees are established by Management without prior consultation with employees. Employees affected by such policies are apprised before these policies are implemented.	*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.*
What are the Risk/s Identified?	**Management Approach**

Individual needs and concerns of employees may not be addressed resulting in disappointment, frustration and consequently attrition.	*Management and the HR manager tries to take into consideration the specific circumstances of each employee affected.*
What are the Opportunity/ies Identified?	**Management Approach**
Management has not identified any opportunity associated with this topic.	*None*

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% 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).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Management has not identified any impact associated with this topic.	*None*
What are the Risk/s Identified?	**Management Approach**
Management has not identified any risk/s associated with this topic.	*None*
What are the Opportunity/ies Identified?	**Management Approach**
Management has not identified any opportunity/ies associated with this topic.	*None*

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
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	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach

Management has not identified any impact associated with this topic.	*None*
What are the Risk/s Identified?	**Management Approach**
Management has not identified any risk/s associated with this topic.	*None*
What are the Opportunity/ies Identified?	**Management Approach**
Management has not identified any opportunity/ies associated with this topic.	*None*

Labor Laws and Human Rights

Disclosure	Quantity	Units
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?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	
Child labor	N	
Human Rights	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
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	*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.*
What are the Risk/s Identified?	**Management Approach**
Management has not identified any risk/s associated with this topic.	*None*
What are the Opportunity/ies Identified?	**Management Approach**
Management has not identified any opportunity/ies associated with this topic.	*None*

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?

Topic	Y/N	If Yes, cite reference in the supplier policy
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
Main suppliers of the Corporation and its subsidiaries only include utility providers, professional staffing, and office supplies retailers. None of the foregoing require a background check on their environmental performance nor polices on forced labor, child labor, human rights, bribery and corruption.	*In the event that the Corporation or its subsidiaries become engaged in activities whose operations affect the environment, or is labor-intensive, or involves human rights, or is prone to bribery and corruption, Management shall establish policies and implement programs that will consider such factors in accrediting suppliers.*
What are the Risk/s Identified?	**Management Approach**
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.	*In the event that the Corporation or its subsidiaries become engaged in activities whose operations affect the environment, or is labor-intensive, or involves human rights, or is prone to bribery and corruption, Management shall establish policies and implement programs that will consider such factors in accrediting suppliers.*
What are the Opportunity/ies Identified?	**Management Approach**
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.	*In the event that the Corporation or its subsidiaries become engaged in activities whose operations affect the environment, or is labor-intensive, or involves human rights, or is prone to bribery and corruption, Management shall establish policies and implement programs that will consider such factors in accrediting suppliers.*

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: ______________

Certificates	Quantity	Units
FPIC process is still undergoing	0	#
CP secured	0	#

What are the Risk/s Identified?	Management Approach
The operations of the Corporation and its subsidiaries do not affect IPs; thus, Management has not identified any risk/s associated with this topic.	*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.*
What are the Opportunity/ies Identified?	**Management Approach**
The operations of the Corporation and its subsidiaries do not affect IPs; thus, Management has not identified any opportunity/ies associated with this topic.	*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.*

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
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, PTSI has to ensure that the service always meets its clients' expectations.	*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.*
What are the Risk/s Identified?	**Management Approach**
In order to meet client's demands and regulatory deadlines, the client at times may not give PSTI sufficient time to property review and check its generated reports.	*Management regularly meets with the client to request for feedback and an assessment of its performance so that any shortcomings can be addressed immediately.*
What are the Opportunity/ies Identified?	**Management Approach**
Constant need to keep PSTI updated regarding software for data entry and network security is the opportunity associated with this topic identified by Management.	*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.*

Health and Safety

Disclosure	Quantity	Units
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.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The services rendered by the Corporation and its subsidiaries do not compromise the health and safety of its clients.	*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.
What are the Risk/s Identified?	**Management Approach**
Management has not identified any risk/s associated with this topic.	*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.*
What are the Opportunity/ies Identified?	**Management Approach**
Management has not identified any opportunity/ies associated with this topic.	*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.*

Marketing and labelling

Disclosure	Quantity	Units
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.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
The Corporation and its subsidiaries are not engaged in activities that require it to market and label products.	*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.*
What are the Risk/s Identified?	**Management Approach**
Management has not identified any risk/s associated with this topic.	*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.*

What are the Opportunity/ies Identified?	Management Approach
Management has not identified any opportunity/ies associated with this topic.	*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.*

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
The Corporation's subsidiary, Professional Stock and Transfer, Inc. (PSTI), collects information from its clients such as names, addresses, contact details, and shareholdings.	*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.*
What are the Risk/s Identified?	**Management Approach**
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.	*Management requires that personal information of clients are 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.*
What are the Opportunity/ies Identified?	**Management Approach**
The only opportunity identified by PSTI in regards to this topic is that it continually educates itself on and invests in network security.	*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.*

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**
The Corporation's subsidiary, Professional Stock and Transfer, Inc. (PSTI), collects information from its clients such as names, addresses, contact details, and shareholdings.	*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.*
What are the Risk/s Identified?	**Management Approach**
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.	*Management requires that personal information of clients are 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.*
What are the Opportunity/ies Identified?	**Management Approach**
The only opportunity identified by PSTI in regards to this topic is that it continually educates itself on and invests in network security.	*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.*

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
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.*