

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

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

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

Yes [x] No []

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

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

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

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

Not applicable

DOCUMENTS INCORPORATED BY REFERENCE

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

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

None of the above documents are incorporated by reference.

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

(1) *Business Development*

(a) Form and Date of Organization of the Corporation

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

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

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

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

(b) Bankruptcy, Receivership or Similar Proceeding

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

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

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

(2) *Business of the Corporation*

(a) Description

(i) Products/Services/Facilities

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

(ii) Foreign Sales

The Corporation does not have any foreign sales or revenues.

(iii) Distribution of Products and Services

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

(iv) Status of Publicly Announced New Product

The Corporation does not have a publicly announced new product.

(v) Competition

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

(v) Raw Materials and Supplies

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

(vi) Major Customers

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

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

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

(viii) Transactions with/Dependence on Related Parties

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

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

(ix) Patents, Trademarks, Licenses, etc.

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

(x) Government Approval

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

(xi) Effect of Governmental Regulations

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

(xii) Research and Development Activities

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

(xiii) Environmental Laws

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

(xiv) Number of Employees

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

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

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

(xv) Major risks

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

(b) Additional Requirements as to Certain Issues or Issuers

(i) Debt Issues

This disclosure is not applicable to the Corporation.

(ii) Investment company securities

This disclosure is not applicable to the Corporation.

(iii) Mining and Oil companies

This disclosure is not applicable to the Corporation

Item 2. Properties

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

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

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

Item 3. Legal Proceedings

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

(1) Market Information

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

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

(2) Holders

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

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

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

(3) *Dividends*

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

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

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

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

(1) Management's Discussions and Analysis

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

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

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

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

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

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

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

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

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

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

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

Results of Operations (Consolidated)

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

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

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

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

Income Statement (Consolidated) (P Million)

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

Financial Position

The company's comparative balance sheet is summarized below:

Balance Sheet (Consolidated)
(P Million)

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

Balance Sheet Accounts (Consolidated)

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

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

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

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

Key Performance Indicators ("KPI")

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

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

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

Liquidity

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

Leverage

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

Profitability

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

Notes to Financial Statements

Accounting Policies and Principles

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

Seasonality Aspects of the Business

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

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

Material Changes

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

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

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

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

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

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

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

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

The company has no material commitment for capital expenditures.

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

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

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

There is no significant element of income from continuing operations.

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

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

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

None.

Item 7. Financial Statements

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

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

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

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

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Name, Age and Citizenship	Position	Period Served	Professional and Business Experience
Victoria C. de los Reyes, 73	Director/ President/ CEO	Directors since November 2019; President/CEO since November 2023	Partner, Roxas de los Reyes Laurel & Rosario Law Offices. Engaged in the general practice of law - specializing in corporate law, foreign investments, establishment of corporations and other corporate vehicles, registration of securities, JVs, M&As, proxy contests, intra-corporate disputes and domestic relations.
Erlinda I. Bildner, 77, Filipino	Director/ 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, 68, 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, 72, 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, 81, Filipino	Director	December 2015 to Present	Journalist, editor-in-chief, columnist, book author, and award-winning television talk show host
Pablo L. Lobregat, 69, Filipino	Director	April 2007 to Present	President-Crystal Sugar Co., Inc., President/Chairman-Oceanic Wireless Network, Inc., President-Aerocom Investors & Managers, Inc., Director – Philippine Communications Satellite Corporation, Director-Philippine Overseas Telecommunications Corporation
*Oliverio L. Laperal, Jr.,74, Filipino	Director	November 2017 to present	Co-President and Director of Imperial Resources; Co-President and Managing Director of Filipinas Golf & Country Club; President & Managing Director of R.S. Video & Film Productions
Prudencio C. Somera, Jr. 78, Filipino	Director	August 2004 to Present	Director – TKC Steel Corporation; Licensed Stockbroker; Columnist – Philippine Daily Inquirer
J. Santiago Ranada (ret), 86, 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

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

**Independent director.*

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

(2) Significant Employees

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

(3) Family Relationships

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

(4) Involvement in Certain Legal Proceedings

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

Item 10. Executive Compensation

(1) and (2) Executive Officers

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

(3) Compensation of Directors

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

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

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

(2) *Security Ownership of Management*

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

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

(3) *Voting Trust Holders*

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

(4) *Changes in Control*

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

Item 12. Certain Relationships and Related Transactions

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

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

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

Item 14. Exhibits and Reports

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

SIGNATURES

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

By:


VICTORIA C. DE LOS REYES
Chief Executive Officer/President


ERLINDA I. BILDNER

Chief Operating and Financial Officer/Treasurer


MARIA CORAZON C. AQUINO
Comptroller and Principal Accounting Officer


JOHN BENEDICT L. SIOSON
Corporate Secretary

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

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

Doc. No. 83;
Page No. 18;
Book No. V;
Series of 2024.


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



PHILCOMSAT HOLDINGS CORPORATION

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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

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

SANTIAGO J. RANADA
Chairman of the Board

VICTORIA DELOS REYES
President

ERLINDA I. BILDNER
Treasurer

Signed this 12th day of April 2024.

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

APR 08 2024

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

Doc. No. 194
Page No. 40
Book No. 1
Series of 2024



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



Independent Auditor's Report

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

Report on the Audits of the Consolidated Financial Statements

Our Opinion

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

What we have audited

The consolidated financial statements of the Group comprise:

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

Basis for Opinion

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

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

Independence

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

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

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

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

Our Audit Approach

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

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

Key Audit Matters

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

We identified the following key audit matter:

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



Independent Auditor's Report
To the Board of Directors and Shareholders of
Philcomsat Holdings Corporation
Page 3

Other Information

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

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

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

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

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

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

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

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

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

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



Independent Auditor's Report
To the Board of Directors and Shareholders of
Philcomsat Holdings Corporation
Page 4

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

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

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

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



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

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

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

Isla Lipana & Co.

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

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

Makati City
April 12, 2024



Statement Required by Rule 68 Securities Regulation Code (SRC)

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

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

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

Isla Lipana & Co.

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

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

Makati City
April 12, 2024

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

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



Statement Required by Rule 68 Securities Regulation Code (SRC)

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

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

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

Isla Lipana & Co.


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

Makati City
April 12, 2024

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

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



Statement Required by Rule 68 Securities Regulation Code (SRC)

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

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

Isla Lipana & Co.

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

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

Makati City
April 12, 2024

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

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

Philcomsat Holdings Corporation and Subsidiaries

Consolidated Statements of Financial Position

As at December 31, 2023 and 2022

(All amounts in Philippine Peso)

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

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

Philcomsat Holdings Corporation and Subsidiaries

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

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

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

Philcomsat Holdings Corporation and Subsidiaries

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

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

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

Philcomsat Holdings Corporation and Subsidiaries

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

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

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

Philcomsat Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements

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

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

1 General Information

1.1 Corporate information

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

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

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

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

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

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

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

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

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

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

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

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

1.2 Listing of shares in Philippine Stock Exchange (PSE)

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

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

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

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

1.3 Approval of the consolidated financial statements

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

2 Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

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

Cash in banks earn interest at prevailing bank deposit rates.

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

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

3 Receivables, net

Receivables as at December 31 consist of:

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

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

Movements in the allowance for ECL are summarized below:

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

Corporate notes

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

Promissory notes issued by financial institutions

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

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

Critical accounting estimate: Provision for impairment of receivables

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

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

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

4 Assets held for sale

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

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

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

5 Other non-current assets

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

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

Critical accounting judgement: Impairment of Goodwill

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

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

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

Critical accounting judgement: Recoverability of CWT and input VAT

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

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

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

6 Financial assets at FVOCI

Financial assets at FVOCI as at December 31 consist of:

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

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

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

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

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

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

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

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

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

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

Critical accounting estimate: Fair value of financial instruments

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

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

7 Investment properties

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

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

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

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

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

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

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

8 Property and equipment, net

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

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

9 Trade and other payables

Trade and other payables as at December 31 consist of:

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

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

Statutory payables pertain to expanded withholding taxes.

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

10 Lease commitments

The Group as a lessee

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

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

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

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

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

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

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

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

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

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

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

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

Depreciation expense from the ROU assets is allocated as follows:

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

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

Critical accounting estimate: Determining the incremental borrowing rate

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

Critical accounting judgment: Determining the lease term

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

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

11 Equity

Share capital

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

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

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

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

Dividends declaration

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

12 Income

Income for the years ended December 31 are as follows:

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

Interest income included in revenue is earned from the following:

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

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

13 Costs and expenses

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

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

14 Other (expense) income, net

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

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

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

15 Income tax

Income tax expense

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

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

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

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

Deferred income tax

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

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

Net operating loss carryover (NOLCO)

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

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

Details of NOLCO at December 31 are as follows:

Parent Company

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

PMEI

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

Minimum corporate income tax (MCIT)

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

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

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

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

Details of MCIT as at December 31 are as follows:

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

Critical accounting judgment: Recoverability of DIT assets

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

16 Related party transactions

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

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

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

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

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

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

17 Earnings per share

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

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

18 Civil cases

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

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

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

19 Litigation

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

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

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

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

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

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

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

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

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

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

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

- Complaint for collection against Araneta and Lokin

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Criminal complaint against Concepcion A. Poblador

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

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

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

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

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

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

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

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

20 Critical accounting estimates, assumptions, and judgments

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

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

(a) Critical accounting estimates and assumptions

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

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

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

21 Financial risk management and capital management

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

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

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

Components of financial assets and liabilities

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

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

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

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

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

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

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

Credit risk

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

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

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

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

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

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

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

Cash and cash equivalents

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

Receivables

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

Credit quality of customers are classified as follows:

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

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

Due from related parties

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

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

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

Liquidity risk

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

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

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

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

Market risk

Price risk

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

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

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

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

Foreign currency exchange risk

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

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

Interest rate risk

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

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

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

Capital risk management

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

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

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

Fair value estimation

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

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

22 Summary of material accounting policies

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

22.1 Basis of preparation

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

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

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

Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

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

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

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

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

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

- PAS 8: Definition of Accounting Estimates

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

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

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

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

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

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

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

22.2 Financial assets

Classification

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

Financial assets at amortized cost

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

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

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

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

Financial assets at FVPL

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

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

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

Financial assets at FVOCI

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

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

Recognition and measurement

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

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

Derecognition

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

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

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

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

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

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

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

Impairment

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

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

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

(i) Simplified approach

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

(ii) General approach

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

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

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

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

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

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

Write-off

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

Derecognition

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

Financial assets at FVOCI

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

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

22.3 Consolidation

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

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

(a) Subsidiaries

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

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

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

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

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

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

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

(b) Disposal of subsidiaries

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

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

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

(c) Deposit for future stock subscription

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

22.4 Financial liabilities

Classification and presentation

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

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

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

Initial recognition and subsequent measurement

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

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

Derecognition

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

22.5 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on Group specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

For assets that are recognized on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

Details of the Group's fair value measurement for the financial assets at FVOCI and investment properties are disclosed in Note 6 and Note 7, respectively.

22.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

22.7 Cash and cash equivalents

Short-term placements are presented as cash equivalents if they have a maturity of three months or less and are carried in the statement of financial position at face amount or at nominal amount, which approximates its amortized cost using the effective interest method.

22.8 Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the noncurrent asset is recognized at the date of derecognition.

Non-current assets are not depreciated or amortized while they are classified as held for sale.

22.9 Investment properties

Investment properties is defined as a property, mainly land, held for the purposes of earning rentals, for capital appreciation or both. This property is not held to be used in production or sale in the ordinary course of business. Investment property is initially measured at acquisition cost. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured, in which case, the investment property acquired is measured at the carrying amount of asset given up. Investment properties are subsequently carried at cost less accumulated depreciation and any accumulated impairment.

Land is not depreciated.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

22.10 Property and equipment

Property and equipment is subsequently measured at cost. Depreciation is calculated using the straight-line method to allocate the cost of each asset, net of their residual values, over their estimated useful lives as follows:

	Number of Years
Office equipment and office improvement	3
Transportation equipment	3-5
Furniture and fixtures	3

The useful lives of each of the property and equipment are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice and experience with similar assets. The property and equipment's useful lives and depreciation and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

22.11 Impairment of non-financial assets

Non-financial assets, mainly property and equipment and investment in a subsidiary, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses, if any, are recognized in profit or loss. Non-financial assets that have been impaired are reviewed for possible reversal of impairment at each reporting period.

22.12 Revenue recognition

Dividend income

Dividend income from a subsidiary is recognized when the right to receive dividend is established usually upon declaration by the BOD.

Interest income

Interest income on bank deposits, which is presented net of final withholding tax, is recognized on a time proportion basis using the effective interest rate method.

Retainer income

Retainer pertains to monthly retainer fees earned by PSTI being a stock transfer agent, and is recognized overtime.

Other income

All other income is recognized when earned or when the right to receive payment is established.

22.13 Leases

The Group assesses whether the contracts are, or contain, a lease. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

- i. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- ii. the right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Group also assesses whether a contract contains a lease for each potential separate lease component.

The Group as a lessee

At the commencement date, the Group recognizes ROU asset and lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

After the commencement date, the ROU asset is carried at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the related lease liability. The ROU asset is amortized over the lease term.

At the commencement date, the Group measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

22.14 Related party relationships and transactions

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among entities which are under control with the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

22.15 Income taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

22.16 Foreign currency transactions and translation

Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the “functional currency”). These financial statements are prepared in Philippine Peso, which is the Parent Company’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

22.17 Subsequent events

Post year-end events that provide additional information about the Group's position at the financial reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

23 Operating segment information

The Group is organized into operating segments based on the type of product or service. The Group's reportable operating segments relates to investing funds, management services and stock transfer agency.

The disaggregated revenue, as disclosed in Note 12, was assigned to the operating segments as follows:

Revenue as disaggregated	Operating segment
Interest income	Investing funds
Dividend income	Investing funds
Rent income	Investing funds
Service fees	Management services
Retainer fee	Stock transfer agency
Stock transfer fee	Stock transfer agency
Other service fee	Stock transfer agency
Gain on sale of financial assets at FVOCI	Investing funds
Gain on sale of investment property	Investing funds

All of the assets relating to the Group's operating segments are located in the Philippines. Accordingly, reporting operating segments per geographical business operation is not required.

Segment assets, liabilities and revenue and expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and expenses are consistent with that presented in the consolidated statements of comprehensive income.

Significant information of the Group's reportable segments is as follows:

2023	Segment			Total
	Investing funds	Management services	Stock transfer agency	
Segment revenue	47,175,500	-	8,773,053	55,948,553
Segment profit	48,537,820	-	5,227,039	53,764,859
Depreciation	1,424,800	-	403,753	1,828,553
Provision for income tax	(1,335,734)	(26,586)	460,790	(901,530)
Total assets	1,481,824,071	31,078,116	6,836,935	1,519,739,122
Total liabilities	60,095,073	78,682	1,110,438	61,284,193

2022	Segment			Total
	Investing funds	Management services	Stock transfer agency	
Segment revenue	54,103,307	-	9,432,972	63,536,279
Segment profit	30,010,571	-	5,129,492	35,140,063
Depreciation	1,341,501	-	402,615	1,744,116
Provision for income tax	869,136	189,753	484,286	1,543,175
Total assets	1,443,732,608	34,118,015	4,083,952	1,481,934,575
Total liabilities	34,289,996	1,620	563,326	34,854,942

2021	Segment			Total
	Investing funds	Management services	Stock transfer agency	
Segment revenue	48,204,107	-	9,076,693	57,280,800
Segment profit	18,023,019	-	2,183,830	20,206,849
Depreciation	1,347,966	-	369,809	1,717,775
Provision for income tax	880,598	145,535	496,305	1,522,438
Total assets	1,504,231,726	32,781,914	5,179,755	1,542,193,395
Total liabilities	25,049,655	4,588,122	982,929	30,620,706

Capital expenditures for the year ended December 31, 2023 attributable to the investing funds segment amounted to P21,863 (2022 - P26,518; 2021 - P63,562)

Philcomsat Holdings Corporation and Subsidiaries

Schedule A. Financial assets
December 31, 2023

<u>Name of issuing entity and association of each issue</u>	<u>Number of shares or principal amounts of bonds and notes</u>	<u>Amount shown in statement of financial position</u>	<u>Value based on market quotations at end or reporting period</u>	<u>Income received and accrued</u>
<i>Notes and loans receivable</i>				
<i>Promissory notes issued by various financial institutions</i>				
Philippine Commercial Capital, Inc.	34,000,000	34,000,000	34,000,000	
<i>Corporate notes</i>				
Montemar Beach Club Inc.	56,805,002	56,805,002	56,805,002	
HMR Philippines, Inc.	18,719,765	18,719,765	18,719,765	
Elite Defense Security Services, Inc.	1,600,000	1,600,000	1,600,000	
	111,124,767	111,124,767	111,124,767	6,769,522
<i>Financial assets at FVPL</i>				
Bank of the Philippine Islands	1,205	131,104	131,104	1,042
<i>Financial assets at FVOCI</i>				
<i>Investments in quoted bonds</i>				
Aboitiz Equity Ventures, Inc.	3,298,617	3,298,617	3,298,617	
Aboitiz Power Corporation	4,451,023	4,451,023	4,451,023	
Alsons Consolidated Commercial Paper	2,009,814	2,009,814	2,009,814	
Ayala Corporation	7,148,884	7,148,884	7,148,884	
Ayala Land, Inc.	42,443,148	42,443,148	42,443,148	
Bank of the Philippine Islands	10,000,000	10,000,000	10,000,000	
BDO - Trust & Investments Group Managed Bonds	158,379,880	158,379,880	158,379,880	
BDO Private Bank Managed Bonds	94,825,062	94,825,062	94,825,062	
China Bank Bonds	5,004,165	5,004,165	5,004,165	
Cyberzone Properties, Inc.	-	-	-	
Development Bank of the Philippines	3,500,000	3,500,000	3,500,000	
Doubledragon Properties Corp.	16,394,716	16,394,716	16,394,716	

Philcomsat Holdings Corporation and Subsidiaries

Schedule A. Financial assets (continuation)
December 31, 2023

Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds and notes	Amount shown in statement of financial position	Value based on market quotations at end or reporting period	Income received and accrued
Energy Development Corporation	1,000,000	913,155	913,155	
EW Peso Intermediate Term Bond Fund	15,904,963	15,904,963	15,904,963	
Filinvest Land Inc.	-			-
Fixed Rate Treasury Note	135,443	135,443	135,443	
Global Power Holdings	-			-
Megawide Construction Corporation	2,000,000	2,000,000	2,000,000	
Megaworld Corporation	4,972,506	4,972,506	4,972,506	
Metropolitan Bank & Trust Company	16,126,869	16,126,869	16,126,869	
Philam Bond Fund	9,924,847	9,924,847	9,924,847	
Phinma Corporation	3,000,000	3,000,000	3,000,000	
Retail Treasury Bonds	37,100,229	37,100,229	37,100,229	
Robinsons Land Corp.	2,000,000	2,000,000	2,000,000	
San Miguel Corporation	3,986,804	3,986,804	3,986,804	
SBC	2,500,000	2,500,000	2,500,000	
SM Investments Corporation	2,000,839	2,000,839	2,000,839	
SM Prime Holdings, Inc.	38,330,880	38,330,880	38,330,880	
Smart Communications, Inc.	10,072,748	10,072,748	10,072,748	
STI Education Systems Holdings, Inc.	19,952,998	19,952,998	19,952,998	
Torre Lorenzo Development Corp.	60,000,000	60,000,000	60,000,000	
UnionBank of the Philippines	3,000,000	3,000,000	3,000,000	
<i>Investments in quoted shares of stock</i>				
A Brown Company	10,000	965,000	965,000	
AC Energy Corporation	150,000	2,757,000	2,757,000	
Areit, Inc.	185,300	6,189,020	6,189,020	
Axelum Resources Corp.	200,000	480,000	480,000	
Ayala Corporation		1,504,800	1,504,800	

Philcomsat Holdings Corporation and Subsidiaries

Schedule A. Financial assets (continuation)
December 31, 2023

Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds and notes	Amount shown in statement of financial position	Value based on market quotations at end or reporting period	Income received and accrued
Ayala Land, Inc.	100,000	3,445,000	3,445,000	
Bank of Commerce		581,600	581,600	
BDO - Trust & Investments Group Managed Bonds		39,753,976	39,753,976	
BDO Private Bank Managed Bonds		29,161,240	29,161,240	
BDO Unibank, Inc.	16,869	2,641,581	2,641,581	
Cebu Landmasters, Inc.	150,000	826,215	826,215	
Chelsea Logistics Holdings Corp.	100,000	150,000	150,000	
Cirtek Holdings Phils. Corp.	150,000	3,917,474	3,917,474	
Cirtek Holdings Phils. Corp.				
Citicore Energy REIT Corporation		5,017,600	5,017,600	
Converge ICT Solutions, Inc.	500,000	4,190,000	4,190,000	
D.M. Wenceslao and Associates, Inc.	1,500,000	7,740,000	7,740,000	
DDMP Reit, Inc.	500,000	605,000	605,000	
DMCI Holdings, Inc.	75,000	732,750	732,750	
Doubledragon Properties Corp.	31,000	2,945,000	2,945,000	
EEI Corporation	50,000	4,745,000	4,745,000	
Filinvest REIT Corp.	1,000,000	2,580,000	2,580,000	
GT Capital Holdings				
GT Capital Holdings, Inc.				
Intl. Cont. Terminal Serv. Inc.	4,170	1,029,156	1,029,156	
JG Summit Holdings, Inc.	5,250	200,288	200,288	
Jollibee Foods Corp.	1,000	942,000	942,000	
Megawide Construction Corporation	1,005,000	1,332,750	1,332,750	
MerryMart Consumer Corp.	1,450,000	1,493,500	1,493,500	
Monde Nissin Corporation	1,688,000	838,000	838,000	
MREIT, Inc.	186,000	2,287,800	2,287,800	

Philcomsat Holdings Corporation and Subsidiaries

Schedule A. Financial assets (continuation)
December 31, 2023

<u>Name of issuing entity and association of each issue</u>	<u>Number of shares or principal amounts of bonds and notes</u>	<u>Amount shown in statement of financial position</u>	<u>Value based on market quotations at end or reporting period</u>	<u>Income received and accrued</u>
Sun Life Prosperity Philippine Equity Fund	3,878,305	13,049,333	13,049,333	
Petron Corporation	6,000	5,820,000	5,820,000	
Phoenix Petroleum Phils.	2,000	465,600	465,600	
Pilipinas Shell Petroleum Corp.	150,000	1,641,000	1,641,000	
Raslag Corporation		322,500	322,500	
RL Commercial REIT, Inc.	780,000	3,814,200	3,814,200	
Robinsons Land Corp.	6,343	101,107	101,107	
San Miguel Corporation	143,300	10,860,850	10,860,850	
San Miguel Food and Beverage, Inc.	11,500	586,500	586,500	
SM Prime Holdings, Inc.	100,000	3,290,000	3,290,000	
Synergy Grid & Dev't Phils., Inc.	1,022,400	524,000	524,000	
Wilcon Depot, Inc.	605,000	12,644,500	12,644,500	
<i>Investments in UITFs</i>				
Sun Life Prosperity Balanced Fund	11,771,306	40,109,548	40,109,548	
Sun Life Prosperity Dynamic Fund	5,346,450	4,834,795	4,834,795	
Sun Life Prosperity GS Fund	6,038,647	10,684,178	10,684,178	
Philam Strategic Growth Fund	66,408	30,622,057	30,622,057	
BDO Private Bank Managed Funds		16,080,804	16,080,804	
BDO - Trust & Investments Group Managed Funds	17,261	5,423,115	5,423,115	
Capital Accumulation Global Fund of Funds	500	2,848,177	2,848,177	
SB Asia Pacific EQ Feeder Fund Class F		911,712	911,712	
<i>Investments in unquoted shares of stock</i>				
Asian Breast Cancer	300,000	30,000,000	30,000,000	

Philcomsat Holdings Corporation and Subsidiaries

Schedule A. Financial assets (continuation)
December 31, 2023

Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds and notes	Amount shown in statement of financial position	Value based on market quotations at end or reporting period	Income received and accrued
<i>Investments in club memberships</i>				
Montemar Beach Club Inc.	10	8,000,000	8,000,000	
Makati Sports Club, Inc.	1	1,300,000	1,300,000	
		912,363,316	912,363,316	25,278,233

Philcomsat Holdings Corporation and Subsidiaries

Schedule B. Amounts receivable from directors, officers, employees, related parties, and principal stockholders (other than related parties)
December 31, 2023

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Non-current	Balance at end of period
<i>Included under receivables</i>							
Montemar Beach Club Inc.	54,931,629	8,000,000	(4,482,042)	-	61,817,697	-	61,817,697
Philippine Communications Satellite Corporation	36,941,644	-	(36,000,000)	-	941,644	-	941,644
<i>Presented under "Due from related parties"</i>							
Montemar Beach Club Inc.	6,526,316	-	-	-	6,526,316	-	6,526,316
Philippine Communications Satellite Corporation	258,047,334	844,037	(258,679,504)	-	211,867	-	211,867
Montemar Resort Development Corp.	200,000	-	-	-	200,000	-	200,000
	356,646,923	12,212,147	(299,161,546)	-	69,697,524	-	69,697,524

"Notes receivables from" and "cash advances to" Montemar beach Club Inc. and Philippine Communications Satellite Corporation bear interest of 4% to 7% with terms of 180 days to one year. Cash advances to Montemar Resort Development Corp. are non-interest bearing.

Philcomsat Holdings Corporation and Subsidiaries

Schedule C. Amounts receivable from related parties which are eliminated during the consolidation of financial statements
December 31, 2023

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Non- current	Balance at end of period
		Not applicable					

Philcomsat Holdings Corporation and Subsidiaries

Schedule D. Long term debt
December 31, 2023

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "current portion of long-term debt" in related statement of financial position	Amount shown in caption "long-term debt" in statement of financial position
Not applicable	Not applicable	-	-

Philcomsat Holdings Corporation and Subsidiaries

Schedule E. Indebtedness to related parties (long-term loans from related companies)
December 31, 2023

Name of related party	Balance at beginning of period	Balance at end of period
Philippine Communications Satellite Corporation	-	28,344,614

Philcomsat Holdings Corporation and Subsidiaries

Schedule F. Guarantees of securities and other issues

December 31, 2023

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
		Not applicable		

Philcomsat Holdings Corporation and Subsidiaries

Schedule G. Capital stock
December 31, 2023

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related statement of financial position	Number of shares reserved for options, warrants, conversions, and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common shares	1,000,000,000	996,391,254	-	796,595,690	100,106,143	99,689,421

Philcomsat Holdings Corporation and Subsidiaries

12th Floor, Telecom Plaza Building
316 Sen. Gil Puyat Avenue, Makati City

Reconciliation of the Parent Company's Retained Earnings Available for Dividend Declaration
For the year ended December 31, 2023
(All amounts in Philippine Peso)

Unappropriated Retained Earnings, beginning of the year/period		472,356,671
Add: Category A: Items that are directly credited to Unappropriated retained earnings		
Reversal of Retained earnings appropriation/s	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
Less: Category B: Items that are directly debited to Unappropriated retained earnings		
Dividend declaration during the reporting period	-	
Retained earnings appropriated during the reporting period	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	
Transfer of loss on disposal of FVOCI equity instruments	(1,368,514)	(1,368,514)
Unappropriated Retained Earnings, as adjusted		470,988,157
Add/Less: Net Income (loss) for the current year/period		15,790,466
Less: Category C.1: Unrealized income recognized in the profit or loss during the year/period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	(28,920)	
Unrealized fair value gain of investment property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	(28,920)
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	2,540,681	
Realized fair value gain of Investment property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	2,540,681

Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	4,700
Reversal of previously recorded fair value gain of investment property	-
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-
Adjusted net income/loss	18,306,927
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	
Depreciation on revaluation increment (after tax)	-
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP	
Amortization of the effect of reporting relief	-
Total amount of reporting relief granted during the year	-
Others (describe nature)	-
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of treasury shares (except for reacquisition of redeemable shares)	-
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-
Others (describe nature)	-
Total Retained Earnings, end of the year/period available for dividend declaration	489,295,084

Philcomsat Holdings Corporation and Subsidiaries

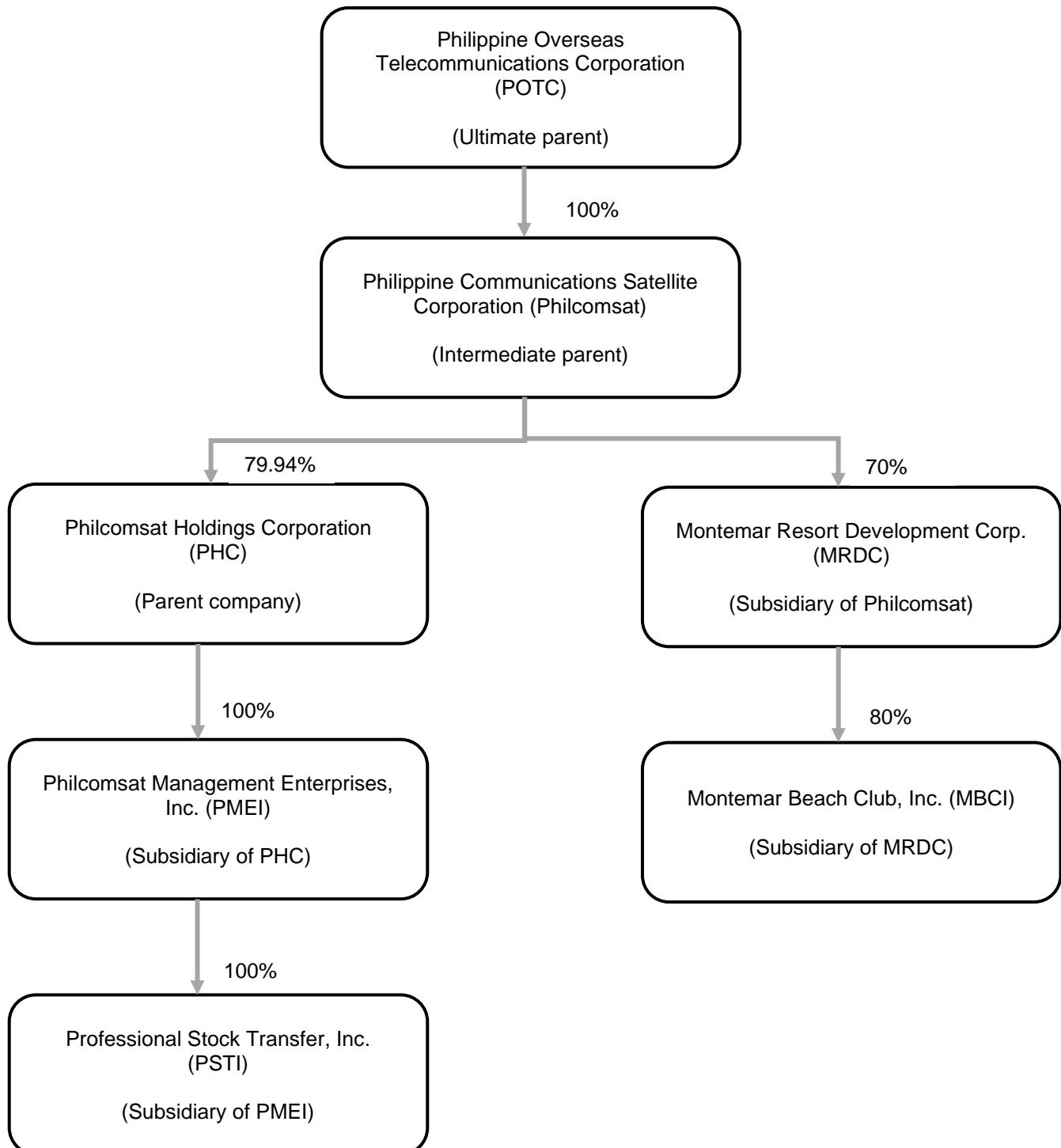
12th Floor, Telecom Plaza Building
316 Sen. Gil Puyat Avenue, Makati City

Schedule of Financial Soundness Indicators
December 31, 2023

Ratio	Formula	2023	2022
Current ratio	<u>Current assets</u> Current liabilities	6.07:1 P255,512,180 P42,124,350	35:83:1 P516,666,201 P14,421,232
Acid test ratio	Current assets - inventory - <u>prepayments</u> Current liabilities	5.84:1 P246,191,452 P42,124,350	35.80:1 P516,274,282 P14,421,232
Solvency Ratio	Net income before depreciation and amortization <u>Total liabilities</u>	0.32:1 P19,719,582 P61,284,193	1.06:1 P36,884,179 P34,854,942
Debt-to-equity ratio	<u>Total liabilities</u> Total equity	0.04:1 P61,284,193 P1,458,454,929	0.02:1 P34,854,942 P1,447,079,633
Asset to equity ratio	<u>Total assets</u> Total equity	1.04:1 P1,519,739,122 P1,458,454,929	1.02:1 P1,481,934,575 P1,447,079,633
Interest rate coverage ratio	<u>Operating EBITDA</u> Net interest	Not applicable	Not applicable
Return on equity	<u>Net income</u> Average total equity	1% P17,891,031 P1,452,767,281	2% P35,140,063 P1,479,326,161
Return on asset	<u>Net income</u> Average total assets	1% P17,891,031 P1,500,836,849	2% P35,140,063 P1,512,063,985
Net profit margin	<u>Net income</u> Total revenue	32% P17,891,031 P55,948,553	54% P35,140,063 P63,536,279

Philcomsat Holdings Corporation and Subsidiaries

Map showing the relationships between and among the companies in the group,
its ultimate parent company and co-subsidiaries
December 31, 2023





Philcomsat Holdings Corporation <phc.birdocs@gmail.com>

Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph>

Mon, Apr 15, 2024 at 9:38 AM

To: PHC.BIRDOCS@gmail.com

Cc: PHC.BIRDOCS@gmail.com

Hi PHILCOMSAT HOLDINGS CORPORATION,

Valid files

- EA000471497RPTTY122023.pdf
- EA000471497ITRTY122023.pdf
- EA000471497OTHTY122023.pdf
- EA000471497TCRTY122023-01.pdf
- EA000471497AFSTY122023.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-N3STZ2WN0PTZ2VWP2NVT32PY20AFGHDCGD**

Submission Date/Time: **Apr 15, 2024 09:38 AM**

Company TIN: **000-471-497**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

COVER SHEET

SEC Registration Number

1	1	1	6	3							
---	---	---	---	---	--	--	--	--	--	--	--

COMPANY NAME

P	H	I	L	C	O	M	S	A	T	H	O	L	D	I	N	G	S						
C	O	R	P	O	R	A	T	I	N														

PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)

1	2	T	H	F	L	O	O	R	,	T	E	L	E	C	O	M	P	L	A	Z			
B	U	I	L	D	I	N	G	,	3	1	6	S	E	N	.	G	I	L	P	U	Y	A	T
A	V	E	.	,	M	A	K	A	T	I	C	I	T	Y									

Form Type

	A	F	S
--	---	---	---

Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, if Applicable

N	/	A
---	---	---

COMPANY INFORMATION

Company's Email Address

inquiry@phc.com.ph

Company's Telephone Number/s

(632) 8816-2517

Mobile Number

-

No. of Stockholders

1,175

Annual Meeting (Month/Day)

3rd Monday of November

Fiscal Year (Month/Day)

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Ms. Erlinda I. Bildner

Email Address

-

Telephone Number/s

(632) 8815-8406

Mobile Number

-

CONTACT PERSON's ADDRESS

12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Ave., Makati City

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

2: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



PHILCOMSAT HOLDINGS CORPORATION

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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

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

SANTIAGO J. RANADA
Chairman of the Board

VICTORIA DELOS REYES
President

ERLINDA I. BILDNER
Treasurer

Signed this 12th day of April 2024.

SUBSCRIBED AND SWEARN to before me this 08 day of APRIL, 2024 in
MAKATI CITY affiants exhibiting to me the following:

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

Doc. No. 199
Page No. 40
Book No. 1
Series of 2024



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



Independent Auditor's Report

To the Board of Directors and Shareholders of
Philcomsat Holdings Corporation
(A subsidiary of Philippine Communications Satellite Corporation)
12th Floor, Telecom Plaza Building
316 Sen. Gil Puyat Avenue, Makati City

Report on the Audits of the Financial Statements

Our Opinion

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

What we have audited

The financial statements of the Company comprise:

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

Basis for Opinion

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

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

Independence

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

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

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

Independent Auditor's Report
To the Board of Directors and Shareholders of
Philcomsat Holdings Corporation
(A subsidiary of Philippine Communications Satellite Corporation)
Page 2

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Independent Auditor's Report
To the Board of Directors and Shareholders of
Philcomsat Holdings Corporation
(A subsidiary of Philippine Communications Satellite Corporation)
Page 3

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Independent Auditor's Report
To the Board of Directors and Shareholders of
Philcomsat Holdings Corporation
(A subsidiary of Philippine Communications Satellite Corporation)
Page 4

Report on the Bureau of Internal Revenue Requirement

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 23 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Isla Lipana & Co.

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

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

Makati City
April 12, 2024



Statement Required by Section 8-A, Revenue Regulations No. V-1

To the Board of Directors and Shareholders of
Philcomsat Holdings Corporation
(A subsidiary of Philippine Communications Satellite Corporation)
12th Floor, Telecom Plaza Building
316 Sen. Gil Puyat Avenue, Makati City

None of the partners of the firm have any financial interest in Philcomsat Holdings Corporation or any family relationships with its president, manager or shareholders.

The supplementary information on taxes and licenses for the year ended December 31, 2023 is presented in Note 23 to the financial statements.

Isla Lipana & Co.

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

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

Makati City
April 12, 2024

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

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

Philcomsat Holdings Corporation
 (A subsidiary of Philippine Communications Satellite Corporation)

Statements of Financial Position
 As at December 31, 2023 and 2022
 (All amounts in Philippine Peso)

	Notes	2023	2022
Assets			
Current assets			
Cash and cash equivalents	2	111,132,301	71,513,941
Receivables	3	115,547,881	155,786,818
Due from related parties	16	6,938,183	260,222,273
Other current assets		301,018	372,919
		233,919,383	487,895,951
Assets held for sale	4	8,999,710	-
Total current assets		242,919,093	487,895,951
Non-current assets			
Financial assets at fair value through other comprehensive income (FVOCI)	6	912,363,316	950,613,288
Investment in a subsidiary	7	25,000,000	25,000,000
Receivables, net of current portion	3	-	5,000,000
Investment property	8	335,615,126	-
Right-of-use (ROU) asset, net	11	1,415,960	-
Property and equipment, net	9	13,996	22,835
Other non-current assets	5	8,047,318	3,212,189
Total non-current assets		1,282,455,716	983,848,312
Total assets		1,525,374,809	1,471,744,263
Liabilities and Equity			
Current liabilities			
Trade and other payables	10	6,184,638	4,877,515
Due to related parties	16	46,895,352	-
Dividends payable	12	5,184,637	8,972,507
Lease liability	11	1,487,184	-
Total current liabilities		59,751,811	13,850,022
Non-current liabilities			
Deferred income tax liability	15	-	1,545,974
Deposit for future stock subscription	16	18,894,000	18,894,000
Total non-current liabilities		18,894,000	20,439,974
Total liabilities		78,645,811	34,289,996
Equity			
Share capital	12	996,391,254	996,391,254
Retained earnings		486,778,623	472,356,671
Other equity reserves	6	(36,440,879)	(31,293,658)
Total equity		1,446,728,998	1,437,454,267
Total liabilities and equity		1,525,374,809	1,471,744,263

(The notes on pages 1 to 34 are integral part of these financial statements)

Philcomsat Holdings Corporation
 (A subsidiary of Philippine Communications Satellite Corporation)

Statements of Total Comprehensive Income
 For the years ended December 31, 2023 and 2022
 (All amounts in Philippine Peso, except earnings per share)

	Notes	2023	2022
Income	13	47,119,554	53,333,699
Operating expenses	14	(29,771,288)	(26,002,913)
Other (expense) income, net			
Gain on extinguishment of debt	16	36,971	-
Realized (loss) gain on sale of debt instruments measured at FVOCI	6	(2,540,681)	335,769
Unrealized foreign exchange (loss) gain, net		(272,199)	6,183,896
Finance costs	11	(117,625)	(13,671)
Profit before income tax		14,454,732	33,836,780
Income tax benefit (expense)	15	1,335,734	(931,465)
Profit for the year		15,790,466	32,905,315
Other comprehensive income (loss)			
<i>Item that may subsequently be reclassified to profit or loss</i>			
Fair value gain (loss) on debt instruments at FVOCI	6	7,081,074	(15,272,669)
<i>Item that will not to be subsequently reclassified to profit or loss</i>			
Fair value loss on equity instruments at FVOCI, net of tax	6	(16,137,490)	(34,205,118)
		(9,056,416)	(49,477,787)
Total comprehensive income (loss) for the year		6,734,050	(16,572,472)
Earnings per share (basic and diluted)	17	0.0158	0.0330

(The notes on pages 1 to 34 are integral part of these financial statements)

Philcomsat Holdings Corporation
 (A subsidiary of Philippine Communications Satellite Corporation)

Statements of Changes in Equity
 For the years ended December 31, 2023 and 2022
 (All amounts in Philippine Peso)

	Share capital (Note 12)	Retained earnings	Other equity reserves (Note 6)	Total equity
Balances at January 1, 2022	996,391,254	484,968,788	22,822,029	1,504,182,071
Comprehensive income				
Profit for the year	-	32,905,315	-	32,905,315
Other comprehensive loss for the year	-	-	(49,477,787)	(49,477,787)
Total comprehensive loss for the year	-	32,905,315	(49,477,787)	(16,572,472)
Transaction with owners				
Dividends declared (Note 12)	-	(49,819,563)	-	(49,819,563)
Transfer of gain on disposal of FVOCI equity instruments	-	4,302,131	(4,302,131)	-
Reclassification of cumulative fair value changes of debt instruments measured at FVOCI sold to profit or loss	-	-	(335,769)	(335,769)
Balances at December 31, 2022	996,391,254	472,356,671	(31,293,658)	1,437,454,267
Comprehensive income				
Profit for the year	-	15,790,466	-	15,790,466
Other comprehensive loss for the year	-	-	(9,056,416)	(9,056,416)
Total comprehensive income for the year	-	15,790,466	(9,056,416)	6,734,050
Transfer of loss on disposal of FVOCI equity instruments	-	(1,368,514)	1,368,514	-
Reclassification of cumulative fair value changes of debt instruments measured at FVOCI sold to profit or loss	-	-	2,540,681	2,540,681
Balances at December 31, 2023	996,391,254	486,778,623	(36,440,879)	1,446,728,998

(The notes on pages 1 to 34 are integral part of these financial statements)

Philcomsat Holdings Corporation
 (A subsidiary of Philippine Communications Satellite Corporation)

Statements of Cash Flows
 For the years ended December 31, 2023 and 2022
 (All amounts in Philippine Peso)

	Notes	2023	2022
Cash flows from operating activities			
Profit before income tax		14,454,732	33,836,780
Adjustments for:			
Depreciation of ROU asset	11,14	1,415,960	1,335,788
Depreciation of property and equipment	9,14	8,840	5,713
Provision for impairment of receivables	3,14	1,536,568	-
Impairment of assets held for sale	4,14	1,150,790	-
Interest expense	11	117,625	13,671
Unrealized foreign exchange loss (gain)		272,199	(6,183,896)
Gain on extinguishment of debt	16	(36,971)	-
Realized loss (gain) on sale of debt instruments measured at FVOCI	6	2,540,681	(335,769)
Operating cash flows before changes in working capital		21,460,424	28,672,287
(Decrease) Increase in:			
Receivables	3	(1,804,380)	17,152,805
Due from related parties	16	(211,868)	(74,913,685)
Other current assets	5	71,901	(285,669)
Other non-current assets		(5,045,370)	(444,941)
Increase in:			
Trade and other payables	10	1,307,123	257,846
Due to related parties		169,404	-
Net cash generated from (used in) operations		15,947,234	(29,561,357)
Acquisitions of:			
Financial assets at FVOCI	6	(280,073,815)	(260,333,213)
Proceeds from redemption and maturity of:			
Financial assets at FVOCI	6	309,267,371	286,840,495
Income taxes paid		-	(592,438)
Net cash from (used in) operating activities		45,140,790	(3,646,513)
Cash flows used in investing activities			
Additions to property and equipment	9	-	(26,518)
Cash flows from financing activities			
Dividends paid	12	(3,787,870)	(40,847,056)
Payments of:			
Lease liability	11	(1,344,736)	(1,379,055)
Interest expense on lease liability	11	(117,625)	(13,671)
Net cash used in financing activities		(5,250,231)	(42,239,782)
Net increase (decrease) in cash		39,890,559	(45,912,813)
Cash and cash equivalents at beginning of year		71,513,941	111,242,858
Effect of foreign exchange rates changes		(272,199)	6,183,896
Cash and cash equivalents as at end of year	2	111,132,301	71,513,941

(The notes on pages 1 to 34 are integral part of these financial statements)

Philcomsat Holdings Corporation

(A subsidiary of Philippine Communications Satellite Corporation)

Notes to the Financial Statements

As at and for the years ended December 31, 2023 and 2022

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

1 General information

1.1 Corporate information

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

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

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

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

On May 23, 2016, the Company's Board of Directors (BOD) confirmed and ratified its previous resolution increasing the authorized capital stock of the Company from P1.0 billion, divided into 1,000,000,000 shares with par value of P1 per share, to P30 billion, divided into 3,000,000,000 shares with par value of P1 per share. As at each report date, the resolution is awaiting ratification by the stockholders and pending application with SEC.

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

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

1.2 Listing of shares in Philippine Stock Exchange (PSE)

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

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

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

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

1.3 Approval of the separate financial statements

The separate financial statements of the Company were approved and authorized for issue by the BOD on April 12, 2024.

2 Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2023	2022
Cash on hand	6,100	5,152
Cash in banks	35,045,730	24,909,155
Short-term placements	76,080,471	46,599,634
	111,132,301	71,513,941

Cash in banks earn interest at prevailing bank deposit rates.

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

Interest income earned from cash and cash equivalents for the year ended December 31, 2023 amounted to P2,632,613 (2022 - P950,741) (Note 13).

3 Receivables

Receivables as at December 31 consist of:

	Note	2023	2022
Notes and loans receivable			
Corporate notes	16	75,524,767	94,432,110
Promissory notes issued by various financial institutions		34,000,000	41,000,000
Interest receivables		7,526,350	25,283,894
Dividend receivables		33,332	70,814
Less: Allowance for ECL		(1,536,568)	-
Less: Non-current portion or promissory notes		-	(5,000,000)
Current portion of receivables		115,547,881	155,786,818

As at December 31, 2023 and 2022, all outstanding amount of receivables are collectible in cash, interest bearing and unguaranteed.

Movements in the allowance for ECL are summarized below:

	Note	2023	2022
Provision for impairment of receivables	14	1,536,568	-
Balance at end of year		1,536,568	-

Corporate notes

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

Promissory notes issued by financial institutions

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

In 2023, interest income earned from corporate notes and promissory notes issued by various financial institutions amounted to P8.10 million (2022 - P16.84 million) (Note 13).

Critical accounting estimate: Provision for impairment of receivables

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

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

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

4 Assets held for sale

In 2023, the Company obtained equipment and furniture valued at P10,150,450 as a form of repayment of its notes receivable from one of its debtors. These assets were obtained with the intention to sell to its affiliate companies and is expected to be completed within the next 12 months. As such, these were classified as non-current assets held for sale in the statement of financial position. The assets were measured at the lower of carrying amount and fair value less cost to sell at the time of recognition and as a result, an impairment loss of P1,150,790 was recognized (Note 14).

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

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

5 Other non-current assets

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

	2023	2022
Creditable withholding tax (CWT)	4,131,273	1,365,769
Input value-added tax (VAT)	3,916,045	1,846,420
	8,047,318	3,212,189

Critical accounting judgement: Recoverability of CWT and input VAT

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

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

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

6 Financial assets at FVOCI

Financial assets at FVOCI as at December 31 consist of:

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

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

	Cost	Fair value reserve	Carrying value
At January 1, 2022	1,003,776,328	22,822,029	1,026,598,357
Acquisitions	260,333,213	-	260,333,213
Disposals	(282,202,595)	(4,637,900)	(286,840,495)
<u>Unrealized gain credited to OCI</u>	<u>-</u>	<u>(49,477,787)</u>	<u>(49,477,787)</u>
At December 31, 2022	981,906,946	(31,293,658)	950,613,288
Acquisitions	280,073,815	-	280,073,815
Disposals	(313,176,566)	3,909,195	(309,267,371)
<u>Unrealized gain credited to OCI</u>	<u>-</u>	<u>(9,056,416)</u>	<u>(9,056,416)</u>
At December 31, 2023	948,804,195	(36,440,879)	912,363,316

The movements in fair value reserve on FVOCI included in the statements of financial position in equity for the years ended December 31 are as follows:

	2023	2022
Beginning balance	(31,293,658)	22,822,029
Fair value changes recorded in OCI	(9,056,416)	(49,477,787)
Reclassification of cumulative fair value changes from OCI to profit or loss on disposal of debt instruments at FVOCI	2,540,681	(335,769)
Transfer from other reserves directly to retained earnings of loss (gain) on disposal of equity instruments at FVOCI	1,368,514	(4,302,131)
Ending balance	(36,440,879)	(31,293,658)

Interest income earned from financial assets at FVOCI in 2023 amounted to P25.3 million (2022 - P23 million) (Note 13).

Dividend income earned from financial assets at FVOCI in 2023 amounted to P10.0 million (2022 - P12.6 million) (Note 13).

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

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

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

Critical accounting estimate: Fair value of financial instruments

Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models that primarily uses as inputs market based or independently sourced market parameters. The Company's financial assets at FVOCI as at December 31, 2023 and 2022 comprise primarily of equity and debt securities traded in the Philippine Stock Exchange (PSE) which has an active market, wherein securities are traded or can be bought and sold. Financial assets at FVOCI measured using Level 2 and Level 3 inputs are not material.

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

7 Investment in a subsidiary

Investment in a subsidiary as at December 31, 2023 and 2022 represent 100% equity shares in Philcomsat Management Enterprises, Inc. (PMEI) with a total investment cost of P25,000,000.

PMEI is engaged in providing business management services, business conceptualization, and allied services, including acquiring, holding and operating businesses.

There are no guarantees extended by the Company to the subsidiary.

Critical accounting judgement: Recoverability of investment in a subsidiary

The Company's investment in subsidiary is carried at cost. The carrying value is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in those assessment and judgment could have a significant effect on the carrying value of investment in a subsidiary and the amount and timing of recorded provision for any period.

Management believes that there are no other events or changes in circumstances indicating that the carrying amounts of the investments in a subsidiary as at each reporting dates may not be recoverable.

8 Investment property

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

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

The investment property was not pledged as security for any liabilities as at each reporting period.

Critical accounting judgement: Recoverability of investment property

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

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

9 Property and equipment, net

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

	Transportation equipment	Furniture and fixtures	Office equipment	Total
At January 1, 2022				
Cost	5,011,638	3,486,626	508,030	9,006,294
Accumulated depreciation	(5,009,608)	(3,486,626)	(508,030)	(9,004,264)
Net carrying value	2,030	-	-	2,030
For the year ended December 31, 2022				
Opening carrying value	2,030	-	-	2,030
Addition	-	-	26,518	26,518
Depreciation expense (Note 14)	(2,030)	-	(3,683)	(5,713)
Closing net carrying value	-	-	22,835	22,835
At January 1, 2023				
Cost	5,011,638	3,486,626	534,548	9,032,812
Accumulated depreciation	(5,011,638)	(3,486,626)	(511,713)	(9,009,977)
Net carrying value	-	-	22,835	22,835
For the year ended December 31, 2023				
Opening carrying value	-	-	22,835	22,835
Depreciation expense (Note 14)	-	-	(8,840)	(8,840)
Closing net carrying value	-	-	13,995	13,995
At December 31, 2023				
Cost	5,011,638	3,486,626	534,548	9,032,812
Accumulated depreciation	(5,011,638)	(3,486,626)	(520,553)	(9,018,817)
Net carrying value	-	-	13,995	13,995

10 Trade and other payables

Trade and other payables as at December 31 consist of:

	2023	2022
Trade payables	3,141,150	2,379,089
Payables to government agencies	3,043,488	1,260,553
Customer deposits	-	1,237,873
	6,184,638	4,877,515

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

Customer deposits pertains to rental deposits received from the lessee of condominium units and parking slots which were sold in 2018. In 2023, the Company wrote off customer deposits amounting to P1,237,873 (2022 - nil) (Note 13).

11 Lease commitments

The Company as a lessee

The Company has a lease agreement with Philcomsat for its office space for a term of two years subject to renewal under mutual agreement of both parties from January 1, 2019 to December 31, 2020.

On January 1, 2021, the lease contract was renewed for another 2 years until December 31, 2022. The annual rent is subject to escalation fee of 5%.

In 2023, the Company entered a new contract of lease with Philcomsat for its office space for a term of two years from January 1, 2023 to December 31, 2024 which is renewable for such period as both parties may agree after expiration of the contract.

(i) *Amounts recognized in the statements of financial position*

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

	Note	2023	2022
Net carrying amount, beginning		-	1,335,788
Additions		2,831,920	-
Depreciation	14	(1,415,960)	(1,335,788)
Net carrying amount, ending		1,415,960	-

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

	2023	2022
Cost	2,831,920	3,826,082
Accumulated depreciation	(1,415,960)	(3,826,082)
	1,415,960	-

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

	2023	2022
Beginning balance	-	1,379,055
Additions	2,831,920	-
Interest expense	117,625	13,671
Payments	(1,462,361)	(1,392,726)
Ending balance	1,487,184	-

Total cash outflows for the payment of lease liability for the year ended December 31, 2023 amounted to P1,462,361 (2022 - P1,392,726).

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

	2023	2022
Not later than one year	1,535,480	-
Less: future finance charges on lease liability	(48,296)	-
	1,487,184	-

(ii) *Amounts recognized in the statements of total comprehensive income*

The statements of total comprehensive income for the years ended December 31 show the following amounts relating to leases:

	Note	2023	2022
Depreciation on ROU asset	14	1,415,960	1,335,788
Interest on lease liability		117,625	13,671

Critical accounting estimate: Determining the incremental borrowing rate

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

Critical accounting judgment: Determining the lease term

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

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

12 Equity

Share capital

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

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

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

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

Dividends declaration

During the meeting of the Company's BOD held on November 21, 2022, the Company's BOD approved the declaration and distribution of a special cash dividend of P0.05 per share to all stockholders of record as of December 7, 2022 (or a total of P49,819,563), to be paid not later than January 5, 2023.

13 Income

Income for the years ended December 31 are as follows:

	Note	2023	2022
Interest income		36,012,976	40,753,336
Dividend income		10,001,334	12,580,363
Miscellaneous income	10	1,105,244	-
		47,119,554	53,333,699

Interest income included in revenue is earned from the following:

	Notes	2023	2022
Cash and cash equivalents	2	2,632,613	950,741
Receivables	3	8,102,129	16,844,594
Financial assets at FVOCI	6	25,278,234	22,958,001
		36,012,976	40,753,336

14 Operating expenses

Operating expenses for the years ended December 31 are as follows:

	Notes	2023	2022
Professional fees		9,472,666	10,771,531
Directors' fees	16	3,425,000	3,600,000
Outside services		3,137,717	-
Representation and entertainment		2,948,410	2,885,185
Transportation and travel		2,439,129	3,136,130
Bank charges		1,710,838	1,517,209
Provision for impairment of receivables	3	1,536,568	-
Depreciation of ROU asset	11	1,415,960	1,335,788
Impairment of assets held for sale	4	1,150,790	-
Legal fees		814,196	799,032
Taxes and licenses		319,789	295,574
Advertising		296,339	594,164
Depreciation	9	8,840	5,713
Others		1,095,046	1,062,587
		29,771,288	26,002,913

15 Income tax

Income tax expense

The components of income tax (benefit) expense for the years ended December 31 are as follows:

	2023	2022
Current	210,240	184,157
Deferred	(1,545,974)	747,308
	(1,335,734)	931,465

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

	2023	2022
Income tax at statutory tax rate of 25%	3,613,683	8,459,195
Add (deduct) tax effects of:		
Interest income already subjected to final tax	(7,330,773)	(6,383,083)
Derecognition of net operating loss carryover (NOLCO)	2,558,206	1,227,801
Dividend income subject to final tax	(2,500,334)	(3,145,091)
Change in unrecognized deferred income tax assets	671,839	-
Non-deductible expenses	806,235	672,428
Tax expense from minimum corporate income tax (MCIT)	210,240	184,157
Realized loss (gain) on sale of debt instruments at FVOCI	635,170	(83,942)
	(1,335,734)	931,465

Deferred income tax

Unrecognized DIT assets as at December 31 represent the following:

	2023	2022
NOLCO	13,049,757	10,491,551
MCIT	508,289	425,888
Provision for impairment of receivables	384,142	-
Provision for impairment of asset held for sale	287,697	-
	14,229,885	10,917,439

As at December 31, 2022, the Company recognized DIT liability arising from unrealized foreign exchange gain amounting to P1,545,974.

Net operating loss carryover (NOLCO)

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

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

Details of unrecognized NOLCO and the related unrecognized DIT assets at December 31 are as follows:

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

Minimum corporate income tax (MCIT)

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

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

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

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

Details of unrecognized MCIT as at December 31 are as follows:

Year incurred	Year of expiration	2023	2022
2020	2023	127,839	127,839
2021	2024	113,892	113,892
2022	2025	184,157	184,157
2023	2026	210,240	-
		636,128	425,888
Expired MCIT		(127,839)	-
		508,289	425,888

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

16 Related party transactions

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

	Terms and conditions	Transactions		Balances	
		2023	2022	Due from (due to)	2023
Notes receivable					
Parent company	Unsecured note, due on demand and bears interest of 5% to 7% per annum. Amounts are payable in cash on a gross basis.	-	-	-	20,000,000
Principal					
Interest	Interest bearing, unsecured, with no guarantee.	-	1,000,000	-	2,000,000
Entities under common control					
Principal		8,000,000	-	56,805,002	48,805,002
Interest		3,021,025	148,210	4,021,415	5,783,402
		11,021,025	1,148,210	60,826,417	76,588,404
Advances					
Parent company	These are advances made by the related party for various project related expenses.	211,867	78,425,813	211,867	253,389,707
Principal		-	9,570,207	-	13,356,249
Interest					
Entities under common control	Amounts are payable in cash on a gross basis. These are unsecured, unguaranteed interest bearing and due on demand.	-	3,085,478	6,726,316	6,832,566
Principal		347,085	19,819	991,280	610,975
Interest		558,952	91,101,317	7,929,463	274,189,497
Due to related parties					
Ultimate Parent Company	These are advances made by the related party for various project related expenses.	(28,344,614)	-	(28,344,614)	-
Entities under common control	Amounts are payable in cash on a gross basis. These are unsecured, non-interest bearing and due on demand.	(18,550,738)	-	(18,550,738)	-
		(46,895,352)	-	(46,895,352)	-
Extinguishment of debt					
Parent Company	On December 29, 2023, the Company and its Parent Company executed a deed of assignment of land by way of dacion en pago.	22,000,000	-	-	-
Notes receivables		266,851,569	-	-	-
Advances	In the agreement, the Parent Company assigned nine parcels of land to the Company in satisfaction of P335,578,155 debt. The land is located in Bagac, Bataan with a total area of 383,999 sqm valued at P335,615,126. The agreement resulted in P36,971 gain. The extinguishment is considered a non-cash operating and investing activity for purposes of statements of cash flows reporting.				

	Terms and conditions	Transactions		Balances Due from (due to)	
		2023	2022	2023	2022
Future stock subscription Parent Company	<p>As discussed in Note 1.1, the Company's Board of Directors (BOD) confirmed and ratified its previous resolution increasing the authorized capital stock of the Company. Consequently, the Company received P18,894,000 as deposit for future stock subscription.</p> <p>As discussed in Note 1.1, as at each report date, the resolution to increase the Company's authorized capital stock is awaiting ratification by the stockholders and pending application with SEC, hence recorded as deposit for future stock subscription and is presented within non-current liabilities.</p>	-	-	18,894,000	18,894,000
Leases Parent Company	<p>The Company has a lease agreement with the Parent Company for the rent of its office space located at the 12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City. The lease term is for two years and is renewable under mutual agreement of both parties. Transactions during the year pertains to the total lease payments made during the year.</p> <p>Amounts are payable in cash on a gross basis. These are unsecured, unguaranteed, non-interest bearing and due on demand.</p>	69,636	1,392,725	1,462,361	-
Expense recharges Entities under common control	<p>These are recharges made by a related party for association dues and utilities taxes paid by the related party on behalf of the Company. These are billed at cost.</p> <p>Amounts are payable in cash on a gross basis. These are unsecured, unguaranteed, non-interest bearing and due on demand.</p>	358,442	251,781	-	-

	Terms and conditions	Transactions		Balances Due from (due to)	
		2023	2022	2023	2022
Professional fees					
Entity under common control	The Company entered into an agreement with PSTI to avail of their services as stock transfer agent. Amounts are payable in cash on a gross basis. These are unsecured, unguaranteed, non-interest bearing and due on demand.	200,340	180,000	-	180,000
Key management compensation					
Director's fees (Note 14)	Key management compensation of the Company consists only of directors' fees. The Company does not have amounts receivables from/payables to key management personnel arising from the above agreement as at December 31, 2023 and 2022. The Company does not have any regular employees. The accounting and management services are under the management of Philcomsat, its ultimate parent company.	3,425,000	3,600,000	-	-

17 Earnings per share

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

	2023	2022
Profit for the year	15,790,466	32,905,315
Weighted average number of shares outstanding	996,391,254	996,391,254
	0.0158	0.0330

18 Civil cases

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

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

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

19 Litigation

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

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

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

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

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

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

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

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

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

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

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

- Complaint for collection against Araneta and Lokin

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Criminal complaint against Concepcion A. Poblador

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

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

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

On April 26, 2017, subsequent to the filing of the parties' respective Memoranda, the CA issued a Resolution requiring Ms. Poblador to file a Rejoinder to the Company's Reply (to the Memorandum of Poblador). In the meantime, the case was returned to "Completion State" pending the filing of the Rejoinder. Poblador filed her Rejoinder on June 1, 2017 under a Motion to Admit Attached Rejoinder. On November 29, 2017, Poblador filed a Manifestation adopting her previous Memorandum dated December 22, 2014 as her compliance with the Resolution dated October 11, 2017. The Office of the Solicitor General filed a Manifestation and Motion on November 24, 2017 asking that the DOJ Secretary be excused from filing a Memorandum. Based on the Resolution of the Court requiring the parties anew to file their respective Memorandum, PHC's (2nd) Memorandum was filed on December 13, 2017, within the extended period prayed for.

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

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

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

20 Critical accounting estimates, assumptions, and judgments

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

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

(a) Critical accounting estimates and assumptions

- Provision of impairment of receivables and due from related parties (Notes 3 and 16)
- Fair value of financial instruments (Note 6)
- Determining the incremental borrowing rate for leases (Note 11)

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

- Recoverability of due from related parties (Note 16)
- Recoverability of input VAT and tax credits (Notes 5)
- Recoverability of investment in a subsidiary (Note 8)
- Recoverability of investment property (Note 8)
- Determining the lease term (Note 11)

21 Financial risk management and capital management

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

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

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

Components of financial assets and liabilities

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

	Notes	2023	2022
Financial assets measured at amortized cost			
Cash and cash equivalents	2	111,132,301	71,513,941
Receivables, gross	3	117,084,449	160,786,818
Due from related parties	16	6,938,183	260,222,273
Financial assets measured at fair value through other comprehensive income (FVOCI)	6	912,363,316	950,613,288
		1,147,518,249	1,443,136,320

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

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

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

	Notes	2023	2022
Trade payables	10	3,141,150	2,379,089
Lease liability	11	1,487,184	-
Dividends payable	12	5,184,637	8,972,507
Due to related parties	16	46,895,352	-
Deposit for future stock subscription	16	18,894,000	18,894,000
		75,602,323	30,245,596

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

Credit risk

Credit risk refers to the risk that a counterparty will cause a financial loss to the Company by failing to discharge an obligation. Significant changes in the economy that may represent a concentration in the Company's business, could result to losses that are different from those provided for at reporting date. The Company enters into contracts only with recognized, credit-worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Company obtains guarantees where appropriate to mitigate credit risk.

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

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

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

	Gross carrying amount	Net carrying amount	Internal credit rating	Basis for recognition of ECL
<i>December 31, 2023</i>				
Cash and cash equivalents	111,126,201	111,126,201	Performing	12-month ECL
Receivables				
Group 1	115,547,881	115,547,881	Performing	12-month ECL
Group 2	1,536,568	-		
Due from related parties	6,938,183	6,938,183	Performing	12-month ECL
Financial assets at FVOCI	912,363,316	912,363,316	Performing	Not applicable
	1,147,512,149	1,145,975,581		
<i>December 31, 2022</i>				
Cash and cash equivalents	71,513,941	71,513,941	Performing	12-month ECL
Receivables	160,786,818	160,786,818	Performing	12-month ECL
Due from related parties	260,222,274	260,222,274	Performing	12-month ECL
Financial assets at FVOCI	950,613,288	950,613,288	Performing	Not applicable
	1,443,136,321	1,443,136,321		

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

Cash and cash equivalents

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

Receivables

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

Credit quality of customers are classified as follows:

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

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

Due from related parties

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

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

None of the fully performing financial assets have been renegotiated during 2023 and 2022.

Liquidity risk

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

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

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

	Less than 12 months	More than 1 year	Total
<u>At December 31, 2023</u>			
Trade payables	3,141,150	-	3,141,150
Lease liability, gross	1,535,480	-	1,535,480
Dividends payable	5,184,637	-	5,184,637
Due to related parties	46,895,352	-	46,895,352
Deposit for future stock subscription	18,894,000	-	18,894,000
	75,650,619	-	75,650,619
<u>At December 31, 2022</u>			
Trade payables	2,379,089	-	2,379,089
Dividends payable	8,972,507	-	8,972,507
Deposit for future stock subscription	18,894,000	-	18,894,000
	30,245,596	-	30,245,596

Market risk

Price risk

The Company is exposed to equity securities price risk because of the Company's investments in financial assets at FVPL and financial assets at FVOCI which consist primarily of investment in listed and traded securities.

Equity price risk is the risk that the fair values of equity instruments recognized under financial assets at FVOCI decrease as the result of changes in the levels of equity indices and the value of individual stocks.

The Company measures the sensitivity of its investment securities by using PSE index (PSEi) fluctuations. The table below sets forth the impact of changes in PSEi in other comprehensive income in 2023 and 2022.

	Increase (decrease) in PSEi	Increase (decrease) in other comprehensive income
2023	11% (7%)	19,313,028 (13,377,391)
2022	15% (13%)	33,841,175 (29,765,729)

The sensitivity of the equity is the effect of the assumed changes in the PSEi on the net unrealized gain (loss) for the year, based on the adjusted beta rate of equity securities as at December 31, 2023 and 2022.

The reasonable possible changes in the market price of investments were determined based on Company's analysis of the movement in share prices for the next 30 days from the close of the financial year.

Foreign currency exchange risk

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

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

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. As at December 31, 2023 and 2022, the Company has repriceable financial assets, specifically investments in quoted bonds classified as financial assets at FVOCI. Accordingly, the Company is subject to fair value interest rate risk.

The Company measures the sensitivity of its investment securities by using PHP BVAL reference rate fluctuations. The table below sets forth the impact of changes in PHP BVAL in the Company's other comprehensive income in 2023 and 2022.

	Increase (decrease) in PHP BVAL	Increase (decrease) in other comprehensive income
2023	14% (5%)	81,643,390 (28,957,310)
2022	9% (42%)	53,969,615 (239,401,184)

Capital risk management

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

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

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

Fair value estimation

As at December 31, 2023 and 2022, the carrying amounts of cash and cash equivalents, receivables, due from related parties and due to related parties reasonably approximate their fair values due to the short-term nature of these financial instruments.

The different levels in the fair value hierarchy have been defined in Note 22.4. There were no transfers between Levels 1, 2 and 3 during each reporting period.

22 Summary of material accounting policies

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

22.1 Basis of preparation

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

The Parent Company has also prepared consolidated financial statements in accordance with PFRS for itself and its subsidiaries (collectively, the "Group"). In the consolidated financial statements, subsidiary undertakings, which are those companies in which the Group, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over the operations have been fully consolidated. The consolidated financial statements can be obtained from the SEC.

The users of these separate financial statements should read them together with the Group's consolidated financial statements as at and for the years ended December 31, 2023 and 2022 in order to obtain full information on the financial position, financial performance and cash flows of the Group as a whole.

These financial statements have been prepared under the historical cost convention, except for the financial assets at fair value through other comprehensive income (FVOCI).

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

Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Company

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

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

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

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

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

- PAS 8: Definition of Accounting Estimates

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

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

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

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

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

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

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

22.2 Financial assets

Classification

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

Financial assets at amortized cost

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

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

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

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

Financial assets at FVPL

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

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

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

Financial assets at FVOCI

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

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

Recognition and measurement

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

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

Derecognition

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

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

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

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

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

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

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

Impairment

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

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

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

(i) Simplified approach

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

(ii) General approach

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

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

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

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

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

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

Write-off

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

Derecognition

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

Financial assets at FVOCI

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

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

22.3 Financial liabilities

Classification and presentation

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

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

The Company's financial liabilities at amortized cost consist mainly of trade payables and other liabilities (excluding customer deposits and payables to government agencies) and lease liabilities.

Initial recognition and subsequent measurement

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

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

Derecognition

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

22.4 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on Company specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

For assets that are recognized on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

Details of the Company's fair value measurement for the financial assets at FVOCI and investment properties are disclosed in Note 6 and Note 8, respectively.

22.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

The Company has no offsetting arrangements as at each reporting period.

22.6 Cash and cash equivalents

Short-term placements are presented as cash equivalents if they have a maturity of three months or less and are carried in the statement of financial position at face amount or at nominal amount, which approximates its amortized cost using the effective interest method.

22.7 Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the noncurrent asset is recognized at the date of derecognition.

Non-current assets are not depreciated or amortized while they are classified as held for sale.

22.8 Other assets

Prepaid taxes consist substantially of creditable withholding taxes which are recognized as assets to the extent that it is probable that the benefit will flow to the Company. These are derecognized when there is a legally enforceable right to apply the recognized amounts against related liability with the period prescribed by the relevant tax laws.

Other current assets mainly pertain to input value-added tax (VAT). Input VAT represent taxes imposed on the Company for the acquisition of goods and services. These are stated at face value less any provision for impairment and are utilized when there is a legally enforceable right to offset the recognized amounts against output VAT obligations and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. Input VAT are included in current assets, except when utilization and claims against output VAT are expected to be more than 12 months after the reporting date, in which these are classified as non-current assets.

22.9 Investment in a subsidiary

Subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in a subsidiary is accounted for at cost less any impairment in the separate financial statements. Dividend income from investment is recognized in profit or loss within other income when the right to receive payment is established.

The carrying amount of investment in subsidiary is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

When the Company ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss.

The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

22.10 Investment property

Investment property is defined as a property, mainly land, held for the purposes of earning rentals, for capital appreciation or both. This property is not held to be used in production or sale in the ordinary course of business. Investment property is initially measured at acquisition cost. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured, in which case, the investment property acquired is measured at the carrying amount of asset given up. Investment properties are subsequently carried at cost less accumulated depreciation and any accumulated impairment.

Land is not depreciated.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

22.11 Property and equipment

Property and equipment is subsequently measured at cost. Depreciation is calculated using the straight-line method to allocate the cost of each asset, net of their residual values, over their estimated useful lives as follows:

	Number of Years
Office equipment and office improvement	3
Transportation equipment	3-5
Furniture and fixtures	3

The useful lives of each of the property and equipment are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice and experience with similar assets. The property and equipment's useful lives and depreciation and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

22.12 Impairment of non-financial assets

Non-financial assets, mainly property and equipment and investment in a subsidiary, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses, if any, are recognized in profit or loss. Non-financial assets that have been impaired are reviewed for possible reversal of impairment at each reporting period.

22.13 Deposit for future stock subscription

Deposit for future stock subscription represents advance collection for stocks subscriptions. Deposit for future stock subscriptions is reported as a separate item in the equity section of the statement of financial position if and only if, all of the following elements are present as of end of the reporting period:

- The unissued authorized capital stock of the Company is insufficient to cover the amount of shares indicated in the contract;
- Board of Directors approval of the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- Stockholders approval of said proposed increase; and
- The application for the approval of the proposed increase has been filed with the SEC.

If any or all of the above elements are not present, the deposit for future stocks subscription is recognized as a liability in the statement of financial position. These are included in current liabilities, except when management expects to convert them to equity at least 12 months from the reporting date which are classified as non-current liabilities.

22.14 Equity

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Retained earnings

Retained earnings pertains to the accumulated profit from operations of the Company which are available for dividend declaration.

Earnings per share

Basic earnings per share is computed by dividing net income over the weighted average number of issued and outstanding common shares during the year.

Diluted earnings per share is computed as if the potential common share or instrument that may entitle the holder to common share were exercised as of the beginning of the year.

Other equity reserves

Other equity reserves pertain to accumulated fair value changes in financial assets through other comprehensive income, net of any realized gains from sale of disposals of debt instruments.

22.15 Income

Dividend income

Dividend income from a subsidiary is recognized when the right to receive dividend is established usually upon declaration by the BOD.

Interest income

Interest income on bank deposits, which is presented net of final withholding tax, is recognized on a time proportion basis using the effective interest rate method.

Other income

All other income is recognized when earned or when the right to receive payment is established.

22.16 Leases

The Company assesses whether the contracts are, or contain, a lease. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

- i. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- ii. the right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Company also assesses whether a contract contains a lease for each potential separate lease component.

The Company as a lessee

At the commencement date, the Company recognizes ROU asset and lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

After the commencement date, the ROU asset is carried at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the related lease liability. The ROU asset is amortized over the lease term.

At the commencement date, the Company measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Company uses its incremental borrowing rate.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

22.17 Related party relationships and transactions

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among entities which are under control with the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

22.18 Income taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

22.19 Foreign currency transactions and translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). These financial statements are prepared in Philippine Peso, which is the Company’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

22.20 Operating segment information

The Company is organized into operating segments based on the type of product or service. As at each reporting period, the Company’s only reportable operating segment relates to investing funds.

22.21 Subsequent events

Post year-end events that provide additional information about the Company’s position at the financial reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

23 Supplementary information required by the Bureau of Internal Revenue (BIR)

The following Revenue Regulations 15-2010 information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

Output value-added tax (VAT)

The amount of output VAT declared for the year ended December 31, 2023 amounted to P458,124 based on receipts amounting to P3,817,702.

The gross revenues on sale of services are based on gross receipts of the Company while gross revenues amounting to P47,119,554 presented in the statement of total comprehensive income are measured in accordance with the Company's accounting policy.

Input VAT

Movements of input VAT for the year ended December 31, 2023 are as follows:

	Gross amount	Input VAT
Beginning balance		1,846,420
Add: Current year's domestic purchases/payments for:		
Goods other than resale of manufacture	14,201,831	1,704,220
Services lodged under other accounts	6,862,740	823,529
Total available input VAT		4,374,169
Less: Applied against output VAT		458,124
Ending balance		3,916,045

Importations

The Company did not have any purchases of imported goods subject to custom duties and tariff fees for the year ended December 31, 2023.

Excise tax

The Company is not engaged in the manufacture or production of certain specified goods or articles subject to excise tax for domestic sale or consumption or for any other disposition for the year ended December 31, 2023.

Documentary stamp tax

The Company has no transactions for the year ended December 31, 2023 requiring payment of documentary stamp tax.

All other local and national taxes

All other local and national taxes paid for the year ended December 31, 2023 consist of:

	Amount
PSE annual listing	250,000
Business permit	54,919
Others	14,870
	319,789

Withholding taxes

Withholding taxes accrued and paid as at and for the year ended December 31, 2023 consists of:

	Paid	Accrued	Total
Expanded withholding tax	1,170,398	315,035	1,485,433

Tax assessments

The Company has not received any Final Assessment Notice from the BIR for the year ended December 31, 2023.

Tax cases

The Company does not have any outstanding tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside of the BIR as at and for the year ended December 31, 2023.

SUSTAINABILITY REPORT

Contextual Information

Company Details	
Name of Organization	PHILCOMSAT HOLDINGS CORPORATION
Location of Headquarters	Makati City
Location of Operations	Makati City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Philcomsat Management Enterprises Inc., Professional Stock Transfer, Inc.
Business Model, including Primary Activities, Brands, Products, and Services	Philcomsat Holdings Corporation (Money Market); Philcomsat Management Enterprises, Inc. (Management Consultancy); Professional Stock Transfer, Inc. (Stock Transfer Services)
Reporting Period	2023
Highest Ranking Person responsible for this report	Erlinda I. Bildner, Chairman, Philcomsat Management Enterprises, Inc., and CFO, Philcomsat Holdings Corporation.

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.¹

The organization evaluated all topics to determine if they are still significant or have become less important over time, based on the organization's economic, environmental, and social impacts, and how much these topics influence stakeholders' assessments and decisions. Topics that were found to be less important were still kept as they are considered essential to the development of the organization's sustainability management system. The materiality of all topics is periodically reassessed to determine their significance and the degree of that significance.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	55,948,553	PhP
Direct economic value distributed:		
a. Operating costs	1,848,691	PhP
b. Employee wages and benefits	1,471,720	PhP
c. Payments to suppliers, other operating costs	32,761,173	PhP
d. Dividends given to stockholders and interest payments to loan providers	49,819,563	PhP
e. Taxes given to government	0	PhP
f. Investments to community (e.g. donations, CSR)	0	PhP

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

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

<i>Due to its reliance on consultants and part-time workers rather than full-time employees, the Corporation spends only a small portion of the revenue generated, specifically 5%, on employee wages and benefits.</i>	<i>Employees</i>	<i>Every year, management evaluates whether it is necessary to hire full-time employees for the Corporation's operations. At present, they have concluded that there is no such requirement. However, when the business grows to a particular level, it is anticipated that full-time employees will be brought on board.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Management has recognized that the lack of a succession plan is a risk related to this matter because the Corporation relies on consultants and part-time workers instead of full-time employees. While these workers can effectively perform their duties, they may not be motivated to stay with the Corporation due to the absence of job security. In the absence of tenured employees who are familiar with the work done by these consultants and part-time workers, it could be challenging to have incoming workers take over such tasks in the event of incapacity.</i>	<i>Employees</i>	<i>Once the business reaches a certain level, it is expected that full-time employees will be engaged.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Management has recognized that the automation of certain business processes is a potential opportunity related to this matter.</i>	<i>Employees</i>	<i>Management is exploring the possibility of automating certain tasks, such as stock transfer services, where clients can access necessary reports securely through a digital platform. By automating this process, the Corporation can reduce the need for manual labor and working hours.</i>

Climate-related risks and opportunities²

Governance	Strategy	Risk Management	Metrics and Targets
<i>Ms. Erlinda I. Bildner, the CFO, is responsible for managing the day-to-day operations of the Corporation and PMEI. On the other hand, Mr. Crescencio P. Montemayor is accountable for the day-</i>	<i>When flooding occurs in the Metro Manila area during the monsoon season, employees who are not affected are incentivized to come to work with hazard pay. Meanwhile, those who may be affected have the</i>	<i>The Corporation mainly relies on weather reports by the national weather agency.</i>	<i>The Corporation classifies employees' work as either crucial or non-crucial, depending on the urgency of the task. The Corporation prioritizes crucial work over non-crucial work in the event of a sudden work</i>

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.

<i>to-day management of PSTI. The Board is updated on the day-to-day operations of the Corporation at its subsequent meeting.</i>	<i>option to either work from home or be transported by the Corporation's vehicles. These employees are expected to submit accomplishment reports.</i>		<i>stoppage, with the level of priority determined by each employee's accomplishment report. The Corporation always strives to provide essential work for its clients.</i>
---	--	--	--

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
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
<i>The Corporation procures materials as needed, and therefore relies heavily on locally-based suppliers. The selection of suppliers is primarily based on their availability, delivery speed, and cost.</i>	<i>Suppliers</i>	<i>Management mandates the procurement officer to order materials that are regularly utilized in advance, allowing ample time to procure such materials at a reduced cost. Management evaluates which materials are frequently required.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Obtaining materials as needed may not be the most cost-effective approach to procurement. Additionally, relying on material availability often leads to working with various suppliers, which can have negative impacts on the stability and duration of supplier relationships.</i>	<i>Suppliers</i>	<i>Management mandates the procurement officer to order materials that are regularly utilized in advance, allowing ample time to procure such materials at a reduced cost. Management evaluates which materials are frequently required.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>The opportunity identified from this topic is that there is no surplus of materials.</i>	<i>Suppliers</i>	<i>Management mandates the procurement officer to order materials that are regularly utilized in advance, allowing ample time to procure such materials at a reduced cost. Management evaluates which materials are frequently required.</i>

Anti-corruption

Training on Anti-corruption Policies and Procedures

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
<i>The Corporation's anti-corruption policy is part of the Philcomsat Group of Companies' Code of Conduct and is disseminated to all employees of the Corporation and its subsidiaries. In the Corporation's money market and financial instruments operations, various brokers and agents approach them, offering different financial instruments with different terms and rates. These brokers and agents may attempt to influence Management's decision on whether to invest in a particular financial instrument by offering valuable gifts, but fortunately, no such attempts have been made.</i>	Stockholders and Suppliers	<i>All investments are determined by a committee and then approved by the Board, which eliminates the possibility of any broker or agent exerting influence on any member of Management. Additionally, the Board has a strict policy that requires its members to disclose any association they may have with an investment recommended to it. If any Board member has such an association, they are required to abstain from any discussions or decisions related to such an investment.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>One potential risk associated with this topic is that the Corporation may not be able to achieve maximum returns on its investments. This is due to the possibility that, instead of taking advantage of investment opportunities that offer higher returns, the Corporation may opt to invest in preferred financial instruments that offer lower returns, influenced by the brokers or agents representing those instruments.</i>	Stockholders and Suppliers	<i>The Corporation has implemented a multi-layered approval process to reduce or eliminate any potential influence that brokers or agents may have on its investment decisions. Furthermore, the Board strictly enforces a policy that requires members to disclose any association with recommended investments, and if so, to abstain from any discussions or decisions concerning them.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>The Corporation's ability to spread its investments across multiple institutions through money market placements and financial instruments helps to mitigate the risk of loss.</i>	Stockholders and Suppliers	<i>By strictly enforcing the policies mentioned earlier and ensuring compliance with the different levels of approval required prior to placing any investment, Management is able to maintain diversification in the Corporation's portfolio and avoid the possibility of financial loss due to ill-advised investments.</i>

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>There has been no incident of corruption involving directors, employees, or business partners as everyone in the Corporation is fully aware of the policy against corruption.</i>	<i>Directors, Employees and Business Partners.</i>	<i>Management emphasizes the importance of strict compliance with the aforementioned policies and the need to observe the different levels of approval before making any investment decisions. By doing so, the Corporation is able to diversify its portfolio and mitigate the risk of financial losses that may arise from poorly placed investments.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>One risk related to corruption in this area is that the Corporation might miss out on opportunities to invest in high-yielding financial instruments and instead choose to invest in preferred instruments due to the influence of brokers or agents, resulting in suboptimal returns on investments.</i>	<i>Directors, Employees and Business Partners.</i>	<i>Management emphasizes the importance of strict compliance with the aforementioned policies and the need to observe the different levels of approval before making any investment decisions. By doing so, the Corporation is able to diversify its portfolio and mitigate the risk of financial losses that may arise from poorly placed investments.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>The Corporation's ability to spread its investments across multiple institutions through money market placements and financial instruments helps to mitigate the risk of loss.</i>	<i>Directors, Employees and Business Partners.</i>	<i>Management emphasizes the importance of strict compliance with the aforementioned policies and the need to observe the different levels of approval before making any investment decisions. By doing so, the Corporation is able to diversify its portfolio and mitigate the risk of financial losses that may arise from poorly placed investments.</i>

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	≈45,000	l

Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	0	GJ
Energy consumption (electricity)	≈28,800	kWh

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>The Corporation and its subsidiaries primarily consume electricity and gasoline as sources of energy. The centralized air-conditioning system in the building where they operate is responsible for over half of the electricity consumption. The building administrator allocates the total electricity bill to each occupant based on their occupied area. On the other hand, the gasoline consumption and expense mostly come from attending meetings with potential clients and suppliers as the corporation and its subsidiaries are engaged in the sale of services.</i>	<i>Community, Directors, Employees, Clients, and Suppliers.</i>	<i>To minimize electricity consumption, Management implements measures such as discouraging overtime work and reducing the number of lights used during specific hours. Since the centralized air conditioning system in the building cannot be changed, Management has to work with this limitation. To reduce gasoline consumption and expenses, the Corporation conducts meetings via teleconferencing or arranges them in the office instead of travelling to meet with clients and suppliers.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Insofar as electricity is concerned, the Corporation and its subsidiaries are unable to install their own air conditioning system which could have provided a solution to lowering electricity consumption. Insofar as gasoline is concerned, lessening the number of leads may result in lost opportunities.</i>	<i>Community, Directors, Employees, Clients, and Suppliers.</i>	<i>To minimize electricity consumption, Management implements measures such as discouraging overtime work and reducing the number of lights used during specific hours. Since the centralized air conditioning system in the building cannot be changed, Management has to work with this limitation. To reduce gasoline consumption and expenses, the Corporation conducts meetings via teleconferencing or arranges them in the office instead of travelling to meet with clients and suppliers.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>The opportunity presented by this impact is that the Corporation and its subsidiaries may try to utilize other means of communicating with potential clients and suppliers, rather than face-to-face meetings. More meetings have been conducted using various teleconferencing applications such as zoom.</i>	<i>Community, Directors, Employees, Clients, and Suppliers.</i>	<i>To minimize electricity consumption, Management implements measures such as discouraging overtime work and reducing the number of lights used during specific hours. Since the centralized air conditioning system in the building cannot be changed, Management has to work with this limitation. To reduce gasoline consumption and expenses, the Corporation conducts meetings via teleconferencing or arranges them in the</i>

		<i>office instead of travelling to meet with clients and suppliers.</i>
--	--	---

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	0	Cubic meters
Water consumption	100	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
<i>The primary reason for water consumption is toilet usage.</i>	<i>Employees</i>	<i>Management has installed equipment to lessen the number of flushes in the toilets in an effort to reduce water consumption. Regular inspection and maintenance of water pipes are also conducted to ensure that there are no leaks that may contribute to unnecessary water consumption/wastage.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Management has not identified any risk/s associated with this topic.</i>	<i>None</i>	<i>None</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Management has not identified any opportunity/ies associated with this topic.</i>	<i>None</i>	<i>None</i>

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
<i>Management has not identified any impact associated with this topic.</i>	<i>None</i>	<i>None</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

<i>Management has not identified any risk/s associated with this topic.</i>	<i>None</i>	<i>None</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Management has not identified any opportunity/ies associated with this topic.</i>	<i>None</i>	<i>None</i>

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	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>The Corporation and its subsidiaries only operate from Makati City which is not a protected area or an area with high biodiversity value.</i>	<i>None</i>	<i>Currently, the Corporation and its subsidiaries are not operating in a protected area or an area with high biodiversity value, thus, there are no existing policies related to this topic. However, if the Corporation decides to move its operations to a protected area or acquires a subsidiary that operates in such an area, management is committed to establishing and implementing policies and programs to protect the environment.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Management has not identified any risk/s associated with this topic.</i>	<i>None</i>	<i>Currently, the Corporation and its subsidiaries are not operating in a protected area or an area with high biodiversity value, thus, there are no existing policies related to this topic. However, if the Corporation decides to move its operations to a protected area or acquires a subsidiary that operates in such an area, management is committed to establishing and implementing policies and programs to protect the environment.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach

³ International Union for Conservation of Nature

<i>Management has not identified any opportunity/ies associated with this topic.</i>	<i>None</i>	<i>Currently, the Corporation and its subsidiaries are not operating in a protected area or an area with high biodiversity value, thus, there are no existing policies related to this topic. However, if the Corporation decides to move its operations to a protected area or acquires a subsidiary that operates in such an area, management is committed to establishing and implementing policies and programs to protect the environment.</i>
--	-------------	---

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	0	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions	0	Tonnes CO ₂ e
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
<i>The operations of the Corporation and its subsidiaries do not involve any emission of substances into the air.</i>	<i>None</i>	<i>If the Corporation or its subsidiaries engage in activities that involve emitting substances into the air, Management will establish policies and programs to protect the environment.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Management has not identified any risk/s associated with this topic.</i>	<i>None</i>	<i>If the Corporation or its subsidiaries engage in activities that involve emitting substances into the air, Management will establish policies and programs to protect the environment.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Management has not identified any opportunity/ies associated with this topic.</i>	<i>None</i>	<i>If the Corporation or its subsidiaries engage in activities that involve emitting substances into the air, Management will establish policies and programs to protect the environment.</i>

Air pollutants

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
<i>The business operations of the Corporation and its subsidiaries do not require it to emit substances into the air.</i>	None	<i>If the Corporation or its subsidiaries engage in activities that involve emitting substances into the air, Management will establish policies and programs to protect the environment.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>The business operations of the Corporation and its subsidiaries do not require it to emit substances into the air, thus Management has not identified any risk associated with this topic.</i>	Nine	<i>If the Corporation or its subsidiaries engage in activities that involve emitting substances into the air, Management will establish policies and programs to protect the environment.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>The business operations of the Corporation and its subsidiaries do not require it to emit substances into the air, thus Management has not identified any risk associated with this topic.</i>		<i>If the Corporation or its subsidiaries engage in activities that involve emitting substances into the air, Management will establish policies and programs to protect the environment.</i>

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated		kg
Reusable	0	kg
Recyclable	100	kg
Composted	0	kg
Incinerated	0	kg
Residuals/Landfilled	0	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Paper is the only solid waste generated by the operations of the Corporation and its subsidiaries.</i>	Community	<i>To minimize paper waste, Management mandates the use of double-sided printing for all documents except for final reports. Paper waste is segregated from other types of waste to enable more efficient recycling.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

<i>Management has not identified any risk/s associated with this topic.</i>	Community	<i>If the Corporation or any of its subsidiaries engage in activities that generate solid and hazardous waste, Management will create policies and programs to ensure the proper disposal of such waste.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach

Management has not identified any opportunity/ies associated with this topic.

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	
<i>The Corporation and its subsidiaries are not engaged in activities or provide services that result in the production of any hazardous waste.</i>	<i>None</i>	<i>If the Corporation or any of its subsidiaries participate in activities that generate hazardous waste or obtain a subsidiary that offers products or services that may pose a risk to health and safety, Management will establish policies and programs for the appropriate disposal of hazardous waste.</i>	
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach	
<i>The Corporation and its subsidiaries are not engaged in activities or provide services that result in the production of any hazardous waste; thus, Management has not identified any risk/s associated with this topic.</i>	<i>None</i>	<i>If the Corporation or any of its subsidiaries participate in activities that generate hazardous waste or obtain a subsidiary that offers products or services that may pose a risk to health and safety, Management will establish policies and programs for the appropriate disposal of hazardous waste.</i>	
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach	
<i>The Corporation and its subsidiaries are not engaged in activities or provide services that result in the production of any hazardous waste; thus, Management has not identified any</i>	<i>None</i>	<i>If the Corporation or any of its subsidiaries participate in activities that generate hazardous waste or obtain a subsidiary that offers products or services that may pose a risk to health and safety, Management will</i>	

<i>opportunity/ies associated with this topic.</i>		<i>establish policies and programs for the appropriate disposal of hazardous waste.</i>
--	--	---

Effluents

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
<i>Recycling wastewater in the building where the Corporation and its subsidiaries are located would necessitate the cooperation of all building occupants to buy and install the necessary equipment, as the building is shared with other organizations.</i>	<i>Other building occupants.</i>	<i>Management urges its staff to recycle water, even if it's just a small amount, by using the surplus to water plants. This is because the other occupants of the building, who share it with the Corporation and its subsidiaries, have not yet cooperated to purchase and install equipment that enables the recycling of wastewater.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>The sole risk is the cost of equipment for recycling wastewater.</i>	<i>Other building occupants.</i>	<i>Management urges its staff to recycle water, even if it's just a small amount, by using the surplus to water plants. This is because the other occupants of the building, who share it with the Corporation and its subsidiaries, have not yet cooperated to purchase and install equipment that enables the recycling of wastewater.</i>

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>The only probable usage for recycled wastewater at the moment is the watering of plants within the building.</i>	<i>Other building occupants.</i>	<i>Management urges its staff to recycle water, even if it's just a small amount, by using the surplus to water plants. This is because the other occupants of the building, who share it with the Corporation and its subsidiaries, have not yet cooperated to purchase and install equipment that enables the recycling of wastewater.</i>

Environmental compliance

Non-compliance with Environmental Laws and Regulations

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
<i>The Corporation and its subsidiaries are not engaged in any activities or offer services that may affect the environment, thus, there has been no environmental law and/or regulation that could be violated.</i>	None	<i>In the event that the Corporation or its subsidiaries become engaged in activities that will have an impact on the environment, Management shall establish policies and implement programs that will comply with all laws, rules and regulations promulgated for the protection of the environment.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Management has not identified any risk/s associated with this topic since the Corporation and its subsidiaries are not engaged in any activities or offer services that may affect the environment and thus, there has been no environmental law and/or regulation that could be violated.</i>	None	<i>In the event that the Corporation or its subsidiaries become engaged in activities that will have an impact on the environment, Management shall establish policies and implement programs that will comply with all laws, rules and regulations promulgated for the protection of the environment.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Management has not identified any opportunity/ies associated with this topic since the Corporation and its subsidiaries are not engaged in any activities or offer services that may affect the environment and thus, there has been no environmental law and/or regulation that could be violated.</i>	None	<i>In the event that the Corporation or its subsidiaries become engaged in activities that will have an impact on the environment, Management shall establish policies and implement programs that will comply with all laws, rules and regulations promulgated for the protection of the environment.</i>

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
------------	----------	-------

Total number of employees ⁴	19	
a. Number of female employees	12	#
b. Number of male employees	7	#
Attrition rate ⁵	0	rate
Ratio of lowest paid employee against minimum wage	1:3:1	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	60	100
PhilHealth	Y	60	100
Pag-ibig	Y	60	100
Parental leaves	Y	0	0
Vacation leaves	Y	60	100
Sick leaves	Y	60	100
Medical benefits (aside from PhilHealth))	Y	80	100
Housing assistance (aside from Pag-ibig)	N	0	0
Retirement fund (aside from SSS)	N	0	0
Further education support	N	0	0
Company stock options	N	0	0
Telecommuting	N	0	0
Flexible-working Hours	N	0	0
(Others)	N	0	0

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Unfortunately, additional benefits to employees are intricately tied with the number of clients that the Corporation and its subsidiaries can engage. However, with tight competition, it proves challenging to get more clients.</i>	<i>Currently, only the onboarding of new clients is incentivized through commissions and referral fees given to the employees. In the event that the revenue stream of the Corporation and its subsidiaries improve, additional benefits may be granted to the employees in addition to those mandated by law.</i>
What are the Risk/s Identified?	Management Approach
<i>High cost of attrition poses a risk due to lack of additional benefits.</i>	<i>Only the onboarding of new clients is incentivized through commissions and referral fees.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Management has not identified any opportunity/s associated with this topic.</i>	<i>None</i>

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		

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)

a. Female employees	4	hours
b. Male employees	4	hours
Average training hours provided to employees		
a. Female employees	4	hours/employee
b. Male employees	4	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Since there have been no law or regulation issued by the relevant agencies that would affect the operations of the Corporation or its subsidiaries, no seminars or training was provided to the employees.</i>	<i>Directors, officers, and employees are expected and required to apprise themselves of all laws, rules, and regulations affecting their work. Management sponsors seminars or training for its directors, officers, and employees if it deems that such will enhance their ability to perform their duties.</i>
What are the Risk/s Identified?	Management Approach
<i>Each individual engaged by the Corporation performs a unique function in the organization, thus, such individuals may not be able to afford to be absent from work to attend such seminars or training. Another risk is that an employee cannot engage in self-improvement as seminars or training should only be limited to their actual work.</i>	<i>Management expects that the directors, officers, and employees who attend seminars or training ensure that the schedule thereof will not hamper the performance of their duties. Management tries to be understanding of such a schedule for so long as the tasks for the day are not crucial to the Corporation's operations.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Management has not identified any opportunity/s associated with this topic.</i>	<i>None</i>

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Management sets and implements policies that impact employees without prior consultation.</i>	<i>Universal policies established by Management and the HR manager are disseminated to all affected employees. Immediate compliance is expected and employees' concerns or grievances regarding said policies must be raised with the HR manager.</i>
What are the Risk/s Identified?	Management Approach

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

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

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

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	2	Man-hours

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Management has not identified any impact associated with this topic.</i>	<i>None</i>
What are the Risk/s Identified?	Management Approach

<i>Management has not identified any risk/s associated with this topic.</i>	<i>None</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Management has not identified any opportunity/ies associated with this topic.</i>	<i>None</i>

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
<i>Considering the small number of employees employed by the Corporation and its subsidiaries, there is no need to formalize a policy that disallows violations of labor laws such as forced, child labor, and human rights.</i>	<i>The HR manager for the Philcomsat Group of Companies is well versed in labor laws and protection of human rights and who is known to all employees, thus any incident that violates labor laws and human rights can easily be addressed.</i>
What are the Risk/s Identified?	Management Approach
<i>Management has not identified any risk/s associated with this topic.</i>	<i>None</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Management has not identified any opportunity/ies associated with this topic.</i>	<i>None</i>

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

No

Do you consider the following sustainability topics when accrediting suppliers?

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
<i>The Corporation and its subsidiaries' main suppliers are limited to utility providers, professional staffing, and office supplies retailers, none of which require environmental performance background checks or policies on forced labor, child labor, human rights, bribery, and corruption.</i>	<i>If the Corporation or its subsidiaries engage in activities that have an impact on the environment, labor, human rights, or are susceptible to bribery and corruption, Management will establish policies and implement programs to consider these factors when accrediting suppliers.</i>
What are the Risk/s Identified?	Management Approach
<i>Management has not identified any risk/s associated with doing business with the main suppliers of the Corporation and its subsidiaries which consist only of utility providers, professional staffing, and office supplies retailers.</i>	<i>If the Corporation or its subsidiaries engage in activities that have an impact on the environment, labor, human rights, or are susceptible to bribery and corruption, Management will establish policies and implement programs to consider these factors when accrediting suppliers.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Management has not identified any opportunity/ies associated with doing business with the main suppliers of the Corporation and its subsidiaries which consist only of utility providers, professional staffing, and office supplies retailers.</i>	<i>If the Corporation or its subsidiaries engage in activities that have an impact on the environment, labor, human rights, or are susceptible to bribery and corruption, Management will establish policies and implement programs to consider these factors when accrediting suppliers.</i>

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
None	None	None	N	None	None

*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: None

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

What are the Risk/s Identified?	Management Approach
<i>The operations of the Corporation and its subsidiaries do not affect IPs; thus, Management has not identified any risk/s associated with this topic.</i>	<i>In the event that the Corporation and its subsidiaries become engaged in activities that offer products or services that affect IPs, Management shall establish policies and implement programs for the protection of IPs.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>The operations of the Corporation and its subsidiaries do not affect IPs; thus, Management has not identified any opportunity/ies associated with this topic.</i>	<i>In the event that the Corporation and its subsidiaries become engaged in activities that offer products or services that affect IPs, Management shall establish policies and implement programs for the protection of IPs.</i>

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	100	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>For its stock transfer services, customer satisfaction as to accuracy of the reports, the processing time for transfers, and the reliability of data is of paramount importance. Thus, PSTI has to ensure that the service always meets its clients' expectations.</i>	<i>Management ensures that all data is accurate and complete, and the work performed by its staff is satisfactory before releasing any report or information to the clients. Any concern of a client has to be resolved in a reasonable amount of time.</i>
What are the Risk/s Identified?	Management Approach
<i>In order to meet client's demands and regulatory deadlines, the client at times may not give PSTI sufficient time to properly review and check its generated reports.</i>	<i>Management regularly meets with the client to request for feedback and an assessment of its performance so that any shortcomings can be addressed immediately.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Constant need to keep PSTI updated regarding software for data entry and network security is the opportunity associated with this topic identified by Management.</i>	<i>Automation of much of its processes is one of the approaches that Management intends to pursue in order to reduce man-power hours/requirements and ensure consistent/uniform quality of services provided to its clients.</i>

Health and Safety

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
<i>The services rendered by the Corporation and its subsidiaries do not compromise the health and safety of its clients.</i>	<i>In the event that the Corporation or its subsidiaries become engaged in or provide services that may pose a health and safety risk, Management shall establish policies and implement programs to protect the health and safety of its clients.</i>
What are the Risk/s Identified?	Management Approach
<i>Management has not identified any risk/s associated with this topic.</i>	<i>In the event that the Corporation or its subsidiaries become engaged in or provide services that may pose a health and safety risk, Management shall establish policies and implement programs to protect the health and safety of its clients.</i>

What are the Opportunity/ies Identified?	Management Approach
<i>Management has not identified any opportunity/ies associated with this topic.</i>	<i>In the event that the Corporation or its subsidiaries become engaged in or provide services that may pose a health and safety risk, Management shall establish policies and implement programs to protect the health and safety of its clients.</i>

Marketing and labelling

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
<i>The Corporation and its subsidiaries are not engaged in activities that require it to market and label products.</i>	<i>In the event that the Corporation or its subsidiaries become engaged in activities that require marketing or labelling of products, Management shall establish policies and implement programs for protection of the consumer.</i>
What are the Risk/s Identified?	Management Approach
<i>Management has not identified any risk/s associated with this topic.</i>	<i>In the event that the Corporation or its subsidiaries become engaged in activities that require marketing or labelling of products, Management shall establish policies and implement programs for protection of the consumer.</i>

What are the Opportunity/ies Identified?	Management Approach
<i>Management has not identified any opportunity/ies associated with this topic.</i>	<i>In the event that the Corporation or its subsidiaries become engaged in activities that require marketing or labelling of products, Management shall establish policies and implement programs for protection of the consumer.</i>

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>The Corporation's subsidiary, Professional Stock and Transfer, Inc. (PSTI), collects information from its clients such as names, addresses, contact details, and shareholdings.</i>	<i>PSTI obtains the consent of each client before their personal information is collected and is transparent in how the data is used and secured. The use of customer data is limited to the purpose agreed upon with the client and/or in compliance with the regulatory requirements of the clients of PSTI.</i>
What are the Risk/s Identified?	Management Approach
<i>The risks identified with this topic are the unauthorized disclosure of the clients' personal information, unauthorized use of such data, and/or breach of data security measures that may be committed by rogue employees or individuals external to the Corporation or its subsidiaries.</i>	<i>Management requires that personal information of clients is only stored on its secure network. Management ensures that applicants for employment at PSTI are properly screened. PSTI's employees are apprised/oriented with the applicable data protection laws, rules, and regulations and are mandated to ensure compliance therewith.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>The only opportunity identified by PSTI in regards to this topic is that it continually educates itself on and invests in network security.</i>	<i>Management's approach is to prevent any incident of data breach or violation of its data protection measures since the loss of confidence that may be brought about by such a breach would be irreparable.</i>

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>The Corporation's subsidiary, Professional Stock and Transfer, Inc. (PSTI), collects information from its</i>	<i>PSTI obtains the consent of each client before their personal information is collected and is transparent in how the data is</i>

<i>clients such as names, addresses, contact details, and shareholdings.</i>	<i>used and secured. The use of customer data is limited to the purpose agreed upon with the client and/or in compliance with the regulatory requirements of the clients of PSTI.</i>
What are the Risk/s Identified?	Management Approach
<i>The risks identified with this topic are the unauthorized disclosure of the clients' personal information, unauthorized use of such data, and/or breach of data security measures by individuals or rogue employees.</i>	<i>Management requires that personal information of clients is only stored on its secure network. Management ensures that applicants for employment at PSTI are properly screened. PSTI's employees are apprised/oriented with the applicable data protection laws, rules, and regulations and are mandated to ensure compliance therewith.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>The only opportunity identified by PSTI in regards to this topic is that it continually educates itself on and invests in network security.</i>	<i>Management's approach is to prevent any incident of data breach or violation of its data protection measures since the loss of confidence that may be brought about by such a breach would be irreparable.</i>

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.*