

# COVER SHEET

# A

SEC Registration Number

0 0 0 0 0 0 1 1 1 6 3

## COMPANY NAME

PHILCOMSAT HOLDINGS CORPORATION AND SUB  
SIDIARIES

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

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

Form Type

AMENDED

1 7 - Q

Department requiring the report

C R M D

Secondary License Type, If Applicable

N / A

## COMPANY INFORMATION

Company's Email Address

postmaster@phc.com.ph

Company's Telephone Number/s

(02)815-8406

Mobile Number

(02)816-2517

No. of Stockholders

1,176

Annual Meeting (Month / Day)

3<sup>rd</sup> Monday of November

Fiscal Year (Month / Day)

December 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

N/A

Telephone Number/s

(02)815-8406

Mobile Number

(02)815-2517

## CONTACT PERSON'S ADDRESS

12<sup>th</sup> Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Avenue, 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 shall not excuse the corporation from liability for its deficiencies.

# **PHILCOMSAT HOLDINGS CORPORATION**

12F Telecom Plaza Bldg., Sen. Gil Puyat Ave. 1200 City of Makati, Manila, Philippines  
Tel. No., 815-8406 ; Fax No. : 816-2517

16 May 2016

## **SECURITIES AND EXCHANGE COMMISSION**

SEC Building, EDSA, Greenhills  
Mandaluyong City

**Gentlemen:**

We transmit herewith a copy of the Amended SEC Form 17-Q of our Corporation for the period ending 31 March 2016.

The amendment includes a correction of the clerical error on page 3 that indicates that the submission is for the quarterly period ended March 31, 2016 and the inclusion of page 16-A that was inadvertently omitted.

Thank you.

Very truly yours,

  
**JOHN BENEDICT L. SIOSON**  
Assistant Corporate Secretary

**PHILCOMSAT HOLDINGS CORPORATION AND SUBSIDIARIES**  
**FOR THE QUARTERS ENDED OF MARCH 31, 2016 AND 2015**

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**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE  
SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

**GENERAL INSTRUCTIONS**

**(a) Use of Form 17-Q**

This SEC Form 17-Q shall be used for quarterly reports under Section 17 of the Code, filed pursuant to paragraph (2)(b) of SRC Rule 17 thereunder and shall be filed within 45 calendar days after the end of each of the first three fiscal quarters of each fiscal year. The first quarterly report of the issuer shall be filed either within 45 calendar days after the effective date of the registration statement or on or before the date on which such report would have been required to be filed if the issuer had been required previously to file reports on SEC Form 17-Q, whichever is later. No report need be filed for the fourth quarter of any fiscal year.

**(b) Application of SRC Rule 72.1: Requirements for Filing Forms**

SRC Rule 72.1 contains general rules and regulations which are applicable to reports on forms to be filed with the Commission. SRC Rule 68 contains requirements for the content of financial statements to be filed with the Commission as part of this report. These Rules should be carefully read and observed in the preparation and filing of reports on this Form.

**(c) Preparation of Report**

(1) This is not a blank form to be filled in. It is a guide to be used in preparing the report in accordance with SRC Rule 72.1. The Commission does not furnish blank copies of this Form to be filled in for filing.

(2) These general instructions are not to be filed with the report. The instructions to the various captions of the form are also to be omitted from the report as filed. The report shall contain the numbers and captions of all applicable items, but the text of such items may be omitted, provided the answers thereto are prepared in the manner specified in SRC Rule 72.1. All items that are not required to be answered in a particular report may be omitted and no reference thereto need be made in the report. All instructions should also be omitted.

**(d) Incorporation by Reference**

In accordance with the provisions of SRC Rule 12-2, if the issuer makes available to its stockholders or otherwise publishes, within the period prescribed for filing the report, a document or statement containing information meeting some or all of the requirements of Part I of this Form, the information called for may be incorporated by reference from such published document or statement, in answer or partial answer to any item or items of Part I of this Form, provided copies thereof are filed as an exhibit to Part I, and all information called for in this Form is supplied.

**(e) Integrated Reports to Security Holders**

Quarterly reports to security holders may be combined with the required information of Form 17-Q and will be suitable for filing with the Commission if the combined report contains full and complete answers to all items required by this Form. When responses to a certain item of required disclosure are separated within the combined report, an appropriate cross-reference should be made.

**(f) Signature and Filing of Report**

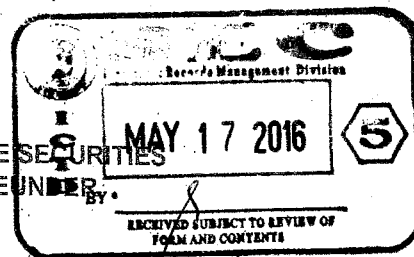
(1) Five complete copies of the report, including any financial statements, exhibit or other paper or document filed as a part thereof shall be filed with the Commission. At least one complete copy of the report, including any financial statements, exhibit or other paper or document filed as a part thereof, shall, if any class of the issuer's securities are listed in a stock exchange, be filed with that Exchange.

(2) At least one complete copy of the report filed with the Commission and, when applicable, one copy filed with the Exchange shall be manually signed on the issuer's behalf by a duly authorized officer of the issuer and by the principal financial or chief accounting officer of the issuer. Copies not manually signed shall bear typed or printed signatures. In the case where the principal financial officer or chief accounting officer is also duly authorized to sign on behalf of the issuer, one signature is acceptable provided the issuer clearly indicates the dual responsibilities of the signatory. See also paragraph (2) and (3) of SRC Rule 72.1 concerning copies, binding, signatures, paper, printing, language, and pagination.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER



1. For the quarterly period ended March 31, 2016
2. Commission identification number 11163
3. BIR Tax Identification No. 000-471-497-000

4. Exact name of issuer as specified in its charter

PHILCOMSAT HOLDINGS CORPORATION

5. Province, country or other jurisdiction of incorporation or organization Philippines

6. Industry Classification Code: [REDACTED] (SEC Use Only)

7. Address of issuer's principal office 316 Sen. Gil Puyat Avenue, Makati City Postal Code 1200

8. Issuer's telephone number, including area code (632) 815 9556

9. Former name, former address and former fiscal year, if changed since last report Not Applicable

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class

Number of Shares of Common  
Stock Outstanding and Amount  
of Debt Outstanding

Common Shares

996,391,254

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

Yes ☒ No ☐

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange

Common Shares

12. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [ ☒ ] No [ ☐ ]

- (b) has been subject to such filing requirements for the past ninety (90) days.

Yes [ ☐ ] No [ ☒ ]

#### **PART I--FINANCIAL INFORMATION**

##### **Item 1. Financial Statements.**

Financial Statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and Content of Financial Statements, shall be furnished as specified therein.

##### **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

Furnish the information required by Part III, Paragraph (A)(2)(b) of "Annex C".


#### **PART II--OTHER INFORMATION**

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

#### **SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer.....PHILCOMSAT HOLDINGS CORPORATION

  
ERLINDA I. BILDNER  
Treasurer & CFO

## **BUSINESS OVERVIEW**

Philcomsat Holdings Corporation, formerly Liberty Mines, Inc. was incorporated on May 10, 1956. On January 10, 1997, the Corporation approved amendments of its Articles of Incorporation, changing its primary purpose from embarking in the discovery, exploration, development and exploration of mineral oils, petroleum in its natural state, rock or carbon oils and other volatile mineral substances to a holding company and changing its name and declassifying its shares. These changes were filed with the Securities and Exchange Commission (SEC) on April 14, 1997, respectively. The authorized capital of the Corporation is One Billion Pesos (P1,000,000,000) divided into one billion (1,000,000,000) common shares with a par value of P1.00 per share. Of the total authorized capital stock, sixty million (60,000,000) shares are listed at the Philippine Stock Exchange (PSE).



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

**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		March 31		December 31,
	Note	2016 (Unaudited)	2015 (Unaudited)	2015 (Audited)
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	4	₱637,330,514	₱115,284,105	₱245,123,206
Short-term investments	5	42,565,341	104,128,613	42,193,855
Receivables - current	6	37,895,810	141,989,456	171,094,311
Other current assets	7	578,303	3,332,946	4,432,646
Total Current Assets		718,369,968	364,735,120	462,844,018
<b>Noncurrent Assets</b>				
Receivables - noncurrent	6	39,000,000	39,000,000	39,000,000
Available for sale (AFS) financial assets	8	303,655,003	403,842,496	298,017,037
Investment property	9	111,206,422	740,184	112,286,096
Property and equipment	10	115,359	115,525,118	123,952
Goodwill	11	1,319,429	2,570,346	1,319,429
Deferred tax assets	20	277,417	161,837	1,121,368
Other noncurrent assets	12	—	12,272,727	5,518,139
Total Noncurrent Assets		455,573,630	574,112,708	457,386,021
		₱1,173,943,598	₱938,847,828	₱920,230,039
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Trade and other payables	13	₱17,048,135	₱677,592	₱1,065,503
Customers' deposits		1,237,874	1,237,874	1,237,874
Income tax payable		19,114,298	—	—
Total Current Liabilities		37,400,307	1,915,466	2,303,377
<b>Noncurrent Liabilities</b>				
Deposit for future stock subscription		18,894,000	18,894,000	18,894,000
Net deferred tax liability	20	205,225	409,249	236,666
Total Noncurrent Liabilities		19,099,225	19,303,249	19,130,666
<b>Equity</b>				
Capital stock		996,391,254	996,391,254	996,391,254
Retained earnings (Deficit)		113,922,744	21,843,508	(100,258,978)
Net unrealized gain on AFS financial assets		7,130,068	(101,372,901)	2,663,720
Equity attributable to equity holders of the Parent Company		1,117,444,066	916,861,861	898,795,996
Non-controlling interest		—	767,252	—
Total Equity		1,117,444,066	917,629,113	898,795,996
		₱1,173,943,598	₱938,847,828	₱920,230,039

See accompanying Notes to Interim Consolidated Financial Statements.

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

**INTERIM CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE QUARTERS ENDED MARCH 31, 2016 AND 2015**

	Note	2016 (Unaudited)	2015 (Unaudited)
REVENUE	14	P188,485,930	P7,268,176
COST OF SERVICES	15	(61,472,489)	(498,944)
GROSS PROFIT		127,013,441	6,769,232
GENERAL AND ADMINISTRATIVE EXPENSES	16	(11,950,915)	(7,345,382)
OTHER INCOME – Net	17	121,315,277	86
INCOME (LOSS) BEFORE INCOME TAX		236,377,803	(576,064)
PROVISION FOR (BENEFIT FROM) INCOME TAX	20		
Current		22,234,797	47,520
Deferred		(38,716)	–
		22,196,081	47,520
NET INCOME (LOSS)		P214,181,722	(P623,584)
NET INCOME (LOSS) ATTRIBUTABLE TO:			
Equity holders of the Parent Company		P214,181,722	(P633,915)
Non-controlling interest		–	10,331
		P214,181,722	(P623,584)
BASIC/DILUTED EARNINGS (LOSS) PER SHARE		P0.2150	(P0.0006)

*See accompanying Notes to Interim Consolidated Financial Statements.*

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

**INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE QUARTERS ENDED MARCH 31, 2016 AND 2015**

	2016 (Unaudited)	2015 (Unaudited)
<b>NET INCOME (LOSS)</b>	<b>₱214,181,722</b>	<b>(₱623,584)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Item that may be reclassified to profit or loss</i>		
Unrealized gain on AFS financial assets	4,466,348	11,419,539
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱218,648,070</b>	<b>₱10,795,955</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>		
Equity holders of the Parent Company	₱218,648,070	₱10,785,624
Non-controlling interest	—	10,331
	<b>₱218,648,070</b>	<b>₱10,795,955</b>

*See accompanying Notes to Interim Consolidated Financial Statements.*

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

**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE QUARTERS ENDED MARCH 31, 2016 AND 2015**

	2016 (Unaudited)	2015 (Unaudited)
<b>CAPITAL STOCK - ₱1 par value</b>		
Authorized - 1,000,000,000 shares		
Issued - 996,391,254 shares	₱996,391,254	₱996,391,254
<b>RETAINED EARNINGS (DEFICIT)</b>		
Balance at beginning of quarter	(100,258,978)	(100,738,986)
Net income (loss)	214,181,722	(633,915)
Balance at end of quarter	113,922,744	(101,372,901)
<b>CUMULATIVE UNREALIZED GAIN ON AFS FINANCIAL ASSETS</b>		
Balance at beginning of quarter	2,663,720	13,008,240
Unrealized gain	4,466,348	11,419,539
Reversal of fair value changes of AFS sold	-	(2,584,271)
Balance at end of quarter	7,130,068	21,843,508
<b>NON-CONTROLLING INTEREST</b>		
Balance at beginning of quarter	-	756,921
Share in net income	-	10,331
Balance at end of quarter	-	767,252
	<b>₱1,117,444,066</b>	<b>₱917,629,113</b>

*See accompanying Notes to Interim Consolidated Financial Statements.*

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

**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE QUARTERS ENDED MARCH 31, 2016 AND 2015**

	Note	2016 (Unaudited)	2015 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income (loss) before income tax		<b>₱236,377,803</b>	<b>(₱576,064)</b>
Adjustments for:			
Reversal of allowance for impairment of receivables	6	<b>(125,000,000)</b>	—
Provision for impairment of input VAT		<b>2,218,578</b>	—
Write-off of time deposit with BPI		<b>1,458,225</b>	—
Depreciation and amortization	9	<b>1,093,501</b>	<b>1,108,554</b>
Gain on sale of AFS financial assets	8	<b>(44,131)</b>	<b>(2,428,325)</b>
Unrealized loss on financial assets at FVPL		<b>7,920</b>	—
Operating income (loss) before working capital changes		<b>116,111,896</b>	<b>(1,895,835)</b>
Decrease (increase) in:			
Receivables		<b>143,232,403</b>	<b>(47,460,015)</b>
Other current assets		<b>5,687,759</b>	<b>247,956</b>
Other noncurrent assets		—	<b>(242,696)</b>
Increase (decrease) in trade and other payables		<b>15,982,632</b>	<b>(491,258)</b>
Net cash provided by (used for) operations		<b>281,014,690</b>	<b>(49,841,848)</b>
Income tax paid		<b>(2,269,272)</b>	—
Net cash provided by (used in) operating activities		<b>278,745,418</b>	<b>(49,841,848)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Decrease in due from related parties	18	<b>114,966,097</b>	—
Proceeds from sale and retirement of AFS financial assets		<b>10,322,513</b>	<b>51,442,669</b>
Acquisitions of:			
AFS financial assets		<b>(11,450,000)</b>	<b>(100,435,674)</b>
Short-term investments		<b>(371,486)</b>	—
Property and equipment		<b>(5,234)</b>	—
Notes and loans		—	<b>(5,000,000)</b>
Net cash provided by (used in) investing activities		<b>113,461,890</b>	<b>(53,993,005)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>392,207,308</b>	<b>(103,834,853)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF QUARTER</b>		<b>245,123,206</b>	<b>219,118,958</b>
<b>CASH AND CASH EQUIVALENTS AT END OF QUARTER</b>		<b>₱637,330,514</b>	<b>₱115,284,105</b>

*See accompanying Notes to Interim Consolidated Financial Statements.*

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

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**AS AT MARCH 31, 2016 AND DECEMBER 31, 2015**  
**AND FOR THE QUARTERS ENDED MARCH 31, 2016 AND 2015**

**1. Corporate Information**

General Information

Philcomsat Holdings Corporation (the Parent Company) was incorporated 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 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 Securities and Exchange Commission (SEC) approved the amended Articles of Incorporation of the Company consisting of a) change in its primary purpose from a 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. On May 9, 2006, the SEC approved the extension of corporate life for another fifty (50) years.

The Parent Company started operations as a holding company on January 1, 2000. Its operations consist primarily of leasing its condominium unit and its motor vehicles in connection with the company-financed car assistance program provided by Philcomsat for its officers and directors. The Company also derives income from money market placements and bank deposits.

The Parent Company is 79.65% owned by Philippine Communications Satellite Corporation (Philcomsat), a company incorporated in the Philippines. The ultimate holding company is Philippine Overseas Telecommunications Corporation (POTC), a company also incorporated in the Philippines.

The Parent Company and all subsidiaries (collectively referred to as "the Group") were incorporated in the Philippines. The following are the subsidiaries and the respective percentages of ownership and principal activities as at March 31, 2016 and December 31, 2015:

	Principal Activities	Percentage of Ownership	
		Direct	Indirect
Philcomsat Management Enterprises Inc. (PMEI)	Management services	100.00	—
Professional Stock Transfer Inc. (PSTI)	Stock transfer agency	—	100.00

The registered address of the Parent Company is at 12th floor, Telecom Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City. The Company does not have any regular employees.

### Listing of Shares in PSE

The Parent Company's original 60 million shares are listed and traded in the Philippine Stock Exchange (PSE). The remaining 940 million shares were registered with SEC on August 31, 2000 but deemed abandoned for listing by the PSE on August 31, 2001. Any reapplication filed by the Company for the unlisted shares shall be treated as new application.

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

On April 1, 2014, the Parent Company, through its legal counsel, submitted to the SEC a letter of request for the lifting of the order of suspension on the trading of the Parent Company's shares and for a compromise on the payment of penalties on certain grounds. The SEC, on December 29, 2015, finally decided to lift the order of suspension of the registration of the 60 million listed shares and to direct the Parent Company to file an updated Registration Statement considering the extended time since its shares were last traded.

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

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## **2. Basis of Preparation and Statement of Compliance**

### Basis of Preparation

The unaudited interim consolidated financial statements of the Group have been prepared on a historical cost basis, except for AFS financial assets and financial assets through FVPL, which are carried at fair value. The unaudited interim consolidated financial statements are presented in Philippine Peso (Peso) which is the Group's functional and presentation currency. All values are rounded to the nearest Peso except as otherwise indicated.

The unaudited interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as compared with the Group's annual consolidated financial statements. Furthermore, the unaudited interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements.

### Statement of Compliance

The unaudited interim consolidated financial statements of the Group have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting* and in compliance with the Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council (FRSC) and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS, PAS and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC).

### 3. Summary of Changes in PFRS

#### Adoption of New and Revised PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and revised PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2015:

- Amendment to PAS 24, *Related Party Disclosures - Key Management Personnel* - The amendment clarified how payments to entities providing key management personnel services are to be disclosed.
- Amendment to PAS 40, *Investment Property - Clarifying the Interrelationship between PFRS 3, Business Combination, and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property* - The amendment clarified the application of PFRS 3 and PAS 40 in respect of acquisitions of investment property. PAS 40 assists preparers to distinguish between investment property and owner-occupied property and PFRS 3 determines whether the acquisition of an investment property is a business combination.
- Amendment to PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets* - The amendment required the disclosure of judgments made by management in applying the aggregation criteria to operating segments, and clarifies that reconciliations of the total of the reportable segments' assets to the entity's assets are required only if the segment assets are reported regularly.
- Amendment to PFRS 13, *Fair Value Measurement - Short-term Receivables and Payables and Portfolio Exception* - The amendment clarified that the portfolio exception in PFRS 13 - allowing an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis - applies to all contracts (including non-financial) within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* or PFRS 9, *Financial Instruments*.

The adoption of the foregoing new and revised PFRS did not have any material effect on the unaudited interim consolidated financial statements. Additional disclosures have been included in the notes to unaudited interim consolidated financial statements, as applicable.

#### New and Revised PFRS Not Yet Adopted

Relevant new and revised PFRS which are not yet effective for the year ending December 31, 2015 and have not been applied in preparing the unaudited interim consolidated financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2016:

- Amendments to PAS 1, *Presentation of Financial Statements* - The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.



- Amendments to PAS 16, *Property, Plant and Equipment – Clarification of Acceptable Methods of Depreciation*, and PAS 38, *Intangible Assets – Clarification of Acceptable Methods of Amortisation* – The amendments add guidance and clarify that (i) the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, and (ii) revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset; however, this presumption can be rebutted in certain limited circumstances.
- Amendment to PFRS 7, *Financial Instruments: Disclosures* – The amendment adds guidance to clarify whether a servicing contract is continuing involvement in a transferred asset.
- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* – The amendments address a current conflict between the two standards and clarify that gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.
- Amendments to PFRS 10, IFRS 12, *Disclosure of Interests in Other Entities*, and PAS 28 – *Investment Entities: Applying the Consolidation Exception* – The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

Effective for annual periods beginning on or after January 1, 2018:

- PFRS 9, *Financial Instruments* – This standard will replace PAS 39 (and all the previous versions of IFRS 9). It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition.

PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.

For financial liabilities, the most significant effect of IFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, IFRS 9 introduces an “expected credit loss” model based on the concept of providing for expected losses at inception of a contract; it will no longer be necessary for there to be objective evidence of impairment before a credit loss is recognized.

For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.

The derecognition provisions are carried over almost unchanged from PAS 39.

Under prevailing circumstances, the adoption of the foregoing new and revised PFRS is not expected to have any material effect on the unaudited interim consolidated financial statements of the Group except for PFRS 9. Additional disclosures will be included in the unaudited interim consolidated financial statements, as applicable.

#### 4. Cash and Cash Equivalents

This account consists of:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Cash on hand	₱15,000	₱15,000
Cash in banks	379,381,498	9,557,547
Cash equivalents	257,934,016	235,550,659
	<b>₱637,330,514</b>	<b>₱245,123,206</b>

Cash in banks earn interest at the prevailing bank deposit rates.

Cash equivalents pertain to special savings and time deposits, with maturity of varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at the prevailing special savings and time deposits rates.

Interest income earned from cash in banks and cash equivalents amounted to ₱1.6 million and ₱0.5 million for the quarters ended March 31, 2016 and 2015, respectively.

Interest income included in revenue (see Note 15) as shown in the interim consolidated statements of comprehensive income is earned from the following:

	Note	2016 (Unaudited)	2015 (Unaudited)
Cash and cash equivalents		₱1,628,125	₱506,003
Short-term investments	5	152,196	609,427
Receivables	6	184,719,427	887,406
AFS financial assets	8	774,506	1,103,904
		<b>₱187,274,254</b>	<b>₱3,106,740</b>

#### 5. Short-term Investments

This account amounting to ₱42.6 million and ₱42.2 million as at March 31, 2016 and December 31, 2015, respectively, pertains to time deposits with term of more than three months to one year and earns interest at the prevailing time deposit rates.

Interest income earned from short-term investments amounted to ₱0.2 million and ₱0.6 million for the quarters ended March 31, 2016 and 2015, respectively (see Note 4).

## 6. Receivables

This account consists of:

	Note	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Trade		₱1,179,820	₱1,080,467
Notes and loans		39,000,000	164,000,000
Due from related parties	18	32,039,931	147,006,028
Interest receivable		1,687,917	1,687,917
Dividend receivable		299,091	299,091
Others		2,747,051	21,078,808
		76,953,810	335,152,311
Less allowance for doubtful accounts		(58,000)	(125,058,000)
		76,895,810	210,094,311
Less noncurrent portion		(39,000,000)	(39,000,000)
Current portion of receivables		₱37,895,810	₱171,094,311

Movements in the allowance for doubtful accounts are summarized below:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Balance at beginning of period	₱125,058,000	₱125,000,000
Provision (reversal)	(125,000,000)	58,000
Balance at end of period	₱58,000	₱125,058,000

Notes and loans receivable consists of noncurrent unsecured promissory notes amounting to ₱39.0 million as at March 31, 2016 and December 31, 2015, issued by various banks with terms ranging from two to ten years and earn interest ranging from 3% to 7% per annum.

Note receivable amounting to nil and ₱125.0 million as at March 31, 2016 and December 31, 2015, respectively, pertains to an unsecured loan to Araneta as guaranteed by Araneta's company, Ansear Realty and Development Corporation (Ansear). The note has long been past its due date and has been provided a full valuation allowance since 2008. Interest on the loan was not recognized in the books. The Company filed a complaint for the collection of the note (Araneta case).

In its decision dated November 2015, the Regional Trial Court ordered Araneta and Ansear to pay the full amount of the loan plus the stipulated interest of 9% per annum, penalty interest of 12% per annum and attorney's fees and costs of litigation.

The lots of Ansear, which are subject to a writ of attachment as ordered by the Court, were sold in January 2016 to settle the loan and the interest. Broker's commission amounting to ₱61.1 million was shouldered by the Parent Company and thus, was recognized as an expense in 2016 (see Note 15).

The table below shows analysis of age of financial assets that are past due but are not impaired as of March 31, 2016 and 2015 and December 31, 2015.

	March 31, 2016			
	Neither past due	Past due but not impaired		Total
	nor impaired			
	31 to 90 days	91 to 180 days	More than 180 days	
Cash and cash equivalents	637,330,514.00			637,330,514.00
short term investments	42,565,341.00			42,565,341.00
Receivables				
Trade	1,179,820.00			1,179,820.00
Notes and loans	39,000,000.00			39,000,000.00
Interest receivable	1,687,917.00			1,687,917.00
Dividend Receivable	299,091.00			299,091.00
Due from relatred parties	32,039,931.00			32,039,931.00
Others	2,747,051.00			2,747,051.00
Available for sale Financial Assets	303,895,810.00			303,895,810.00
	1,060,745,475.00	-	-	1,060,745,475.00

The Parent Company received ₱350.0 million, inclusive of VAT, in January 2016 as settlement of the loan and interest. Due to the settlement, the full valuation allowance on the note amounting to ₱125.0 million was reversed in 2016 (see Note 18). Proceeds in excess of the loan and interest receivable amounting to ₱184.3 million in 2016 were recorded as interest income. The Parent Company expects to receive ₱175.0 million each in the second half of 2016 and in the first half of 2017, respectively.

Interest income earned from receivables amounted to ₱184.7 million and ₱0.9 million for the quarters ended March 31, 2016 and 2015, respectively (see Note 4).

## 7. Other Current Assets

This account consists of:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
CWTs	₱454,699	₱2,695,974
Financial assets at FVPL	91,872	99,792
Prepaid insurance and legal fees	16,935	1,636,880
Input VAT, net of allowance for impairment	2,233,375	—
	2,796,881	4,432,646
Less allowance for impairment	(2,218,578)	—
	₱578,303	₱4,432,646

## 8. AFS Financial Assets

This account consists of:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Investments in:		
Managed funds	₱180,167,311	₱176,025,067
Quoted bonds	92,955,941	91,354,868
Quoted shares of stock	29,806,751	29,912,102
Club memberships	725,000	725,000
	₱303,655,003	₱298,017,037

Interest income earned from AFS financial assets amounted to ₱0.8 million and ₱1.1 million for the quarters ended March 31, 2016 and 2015, respectively (see Note 4).

Dividend income earned from AFS financial assets amounted to ₱0.2 million and ₱0.6 million for the quarters ended March 31, 2016 and 2015, respectively (see Note 14).

Gain on sale of AFS financial assets amounted to ₱0.04 million and ₱2.4 million for the quarters ended March 31, 2016 and 2015, respectively (see Note 14).

The fair value of these financial assets are determined in reference to quoted market bid prices at the close of business on the reporting date since these are mostly active traded in an organized financial market. The fair value measurement of the AFS financial assets is classified as Level 1 (Quoted market prices).

No impairment loss was recognized in 2016 and 2015.

#### 9. Investment Property

The Company has a condominium unit located at 2<sup>nd</sup> Floor Pacific Star Building, Sen. Gil Puyat Avenue, Makati City. This is accounted for as an investment property, being held for the purpose of generating rental revenue and for capital appreciation.

Movements of the Company's investment property are as follows:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
<b>Cost</b>		
Balance at beginning and end of period	<b>₱164,772,000</b>	₱164,772,000
<b>Accumulated Depreciation</b>		
Balance at beginning of period	<b>52,485,904</b>	48,167,208
Depreciation	<b>1,079,674</b>	4,318,696
Balance at end of period	<b>53,565,578</b>	52,485,904
<b>Carrying Amount</b>	<b>₱111,206,422</b>	₱112,286,096

The fair value of the condominium unit amounted to ₱114.9 million based on statutory zonal valuation (Level 2 – Directly or Indirectly Observable Input).

Depreciation for the quarters ended March 31, 2016 and 2015 are recognized from the following:

	Note	2016 (Unaudited)	2015 (Unaudited)
Investment property		<b>₱1,079,674</b>	₱1,079,674
Property and equipment	10	<b>13,827</b>	28,880
		<b>₱1,093,501</b>	₱1,108,554

Depreciation is recognized under general and administrative expenses in the interim consolidated statements of income.

## 10. Property and Equipment

This account consists of:

	March 31, 2016 (Unaudited)				
	Transportation Equipment	Furniture and Fixtures	Office Equipment	Office Improvement	Total
<b>Cost</b>					
Balance at beginning of quarter	₱4,950,745	₱3,528,775	₱937,569	₱39,325	₱9,456,414
Additions	600	—	4,634	—	5,234
Balance at end of quarter	4,951,345	3,528,775	942,203	39,325	9,461,648
<b>Accumulated Depreciation and Amortization</b>					
Balance at beginning of quarter	4,915,825	3,528,775	848,537	39,325	9,332,462
Depreciation and amortization	—	—	13,827	—	13,827
Balance at end of quarter	4,915,825	3,528,775	862,364	39,325	9,346,289
<b>Carrying Amount</b>	<b>₱35,520</b>	<b>₱—</b>	<b>₱79,839</b>	<b>₱—</b>	<b>₱115,359</b>

	December 31, 2015 (Audited)					
	Condominium Unit	Transportation Equipment	Furniture and Fixtures	Office Equipment	Office Improvement	Total
<b>Cost</b>						
Balance at beginning of year	₱1,205,078	₱4,950,745	₱3,528,775	₱937,569	₱39,325	₱10,661,492
Disposals	(1,205,078)	—	—	—	—	(1,205,078)
Balance at end of year	—	4,950,745	3,528,775	937,569	39,325	9,456,414
<b>Accumulated Depreciation and Amortization</b>						
Balance at beginning of year	650,742	4,904,185	3,528,766	769,410	39,325	9,892,428
Depreciation and amortization	28,119	11,640	9	79,127	—	118,895
Disposals	(678,861)	—	—	—	—	(678,861)
Balance at end of year	—	4,915,825	3,528,775	848,537	39,325	9,332,462
<b>Carrying Amount</b>	<b>₱—</b>	<b>₱34,920</b>	<b>₱—</b>	<b>₱89,032</b>	<b>₱—</b>	<b>₱123,952</b>

Depreciation on property and equipment is recognized under the following:

	Note	2016 (Unaudited)	2015 (Audited)
Cost of services	15	₱13,827	₱22,134
General and administrative expenses	16	—	6,746
		<b>₱13,827</b>	<b>₱28,880</b>

Fully-depreciated property and equipment still in use amounted to ₱8.7 million as at March 31, 2016 and December 31, 2015.

## 11. Goodwill

On June 30, 2014, the Parent Company, through its subsidiary PMEI, obtained control of PSTI, a stock transfer agency, by acquiring 70.56 percent of the shares and voting interest in PSTI for a total cash consideration of ₱3.1 million. Goodwill amounting to ₱1.3 million was recognized as a result of the acquisition.

## 12. Other Noncurrent Assets

This account consists of:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Deferred input VAT	P—	P4,059,914
Time deposit with BPI	—	1,458,225
	P—	P5,518,139

The time deposit with BPI has an initial period of 35 days earning an interest rate of 2.5% p.a. subject to automatic renewal and interest rate resetting by BPI upon maturity.

Included in this account are the Peso and US Dollar time deposits with BPI which were frozen on December 13, 2007 upon the issuance of a writ of preliminary injunction against BPI, following a complaint filed by the current officers of the Parent Company against the bank. In August 19, 2008, BPI filed an interpleader case with respect to the said accounts but only after allowing unauthorized disbursements in the approximate amount of P102.0 million. The case was docketed as Civil Case No. 07-840 and was heard and tried by RTC-62 Makati City, which issued a Decision finding BPI liable to pay the Parent Company P102.0 million in actual damages. By way of amicable settlement, the Parent Company and BPI executed a Compromise Agreement dated November 20, 2013 whereby BPI paid the Company P86.0 million. The outstanding balance of P1.5 million as at December 31, 2015, which was part of the settlement, was written off in 2016 (see Note 17).

## 13. Trade and Other Payables

This account consists of:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Statutory payables	P13,396,467	P778,893
Accounts payable and accrued expenses	3,651,668	286,610
	P17,048,135	P1,065,503

Statutory payables pertain to expanded withholding taxes and output VAT payable.

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



#### 14. Revenue

This account consists of:

	Note	2016 (Unaudited)	2015 (Unaudited)
Interest income	4	₱187,274,254	₱3,106,740
Retainer fee		908,946	903,946
Dividend income	8	191,910	572,895
Gain on sale of AFS financial assets	8	44,131	2,428,325
Transfer fee		16,690	13,595
Miscellaneous		49,999	242,675
		₱188,485,930	₱7,268,176

#### 15. Cost of Services

This account consists of:

	Note	2016 (Unaudited)	2015 (Unaudited)
Broker's commission	6	₱61,105,500	₱—
Salaries and other benefits		313,780	346,590
Transportation		39,382	32,110
Depreciation	9	13,827	22,134
Rental		—	55,580
Communication, light and water		—	42,530
		₱61,472,489	₱498,944

#### 16. General and Administrative Expenses

This account consists of:

	Note	2016 (Unaudited)	2015 (Unaudited)
Legal fee		₱3,840,998	₱187,401
Professional fee		2,712,880	2,281,211
Directors' fee	18	1,620,000	1,695,000
Depreciation		1,079,674	1,086,420
Taxes and licenses		780,503	451,213
Dues and subscription		770,695	454,446
Rent expense	18	259,816	247,444
Transportation and travel		221,972	20,649
Repairs and maintenance		156,241	124,402
Representation and entertainment		132,874	241,138
Stationery, print and office supplies		102,578	74,161
Insurance		86,427	324,312
Communication, light and water		65,132	61,951
Trainings and seminars		10,268	52,551
Others		110,857	43,083
		₱11,950,915	₱7,345,382

## 17. Other Income - Net

This account consists of:

	Note	2016 (Unaudited)	2015 (Unaudited)
Reversal of allowance for impairment of receivables	6	₱125,000,000	₱—
Provision for impairment of input VAT		(2,218,578)	—
Loss on settlement of BPI account	12	(1,458,225)	—
Unrealized loss on financial assets at FVPL		(7,920)	—
Unrealized foreign exchange gain		—	86
		<b>₱121,315,277</b>	<b>₱86</b>

## 18. Related Party Transactions

In the normal course of business, the Group has transactions with related parties as follows:

			Amount of Transactions (in millions)		Outstanding Balance (in millions)	
	Relationship	Nature of Transaction	Quarter ended 2016 (Unaudited)	Quarter ended 2015 (Unaudited)	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
<b>Included under "Receivables"</b>						
Philcomsat	Immediate parent	Cash advances	(P115.0)	P78.3	P1.5	P116.5
POTC	Ultimate parent	Rent of office space	(0.3)	(0.3)	—	—
Montemar Beach Club, Inc. (MBCI)	Company under common control	Cash advances	—	10.8	10.8	10.8
		Cash advances	—	—	19.4	19.4
Montemar Resort Development Corp. (MRDC)	Company under common control	Interest income	0.2	0.2	—	—
		Cash advances	—	—	0.3	0.3
					<b>P32.0</b>	<b>P147.0</b>
<b>Included under "Deposit for Future Stock Subscription"</b>						
Philcomsat	Immediate parent	Excess of subscription	P—	P—	P18.9	P18.9

### Terms of Cash Advances to Related Parties

Cash advances to Philcomsat and MBCI bear interest at 4% and 5%, respectively, while cash advances to POTC and MRDC are noninterest-bearing. All cash advances are demandable at the instance of the Group.

### The Company as a Lessee

The Company has a lease agreement with Philcomsat for the rent of its office space located at the 12<sup>th</sup> Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Ave., Makati City. The lease term is for one year and is renewable under mutual agreement of both parties. Rent expense amounted to ₱0.2 million for the quarters ended March 31, 2016 and 2015 (see Note 19).

### Compensation of Key Management Personnel

Compensation of the key management personnel of the Parent Company consists of directors' fees amounting to ₱1.6 million and ₱1.7 million for the quarters ended March 31, 2016 and 2015, respectively.

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

## 19. Leases

### The Parent Company as a Lessee

Rent expense arising from rental of its office space. Rent expense amounted to ₱0.2 million for the quarters ended March 31, 2016 and 2015 (see Note 18). The lease has a term of one year subject to renewal under mutual agreement of both parties.

As at March 31, 2016 and December 31, 2015, the Group has no outstanding commitments under non-cancellable operating leases.

## 20. Income Tax

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

	2016 (Unaudited)	2015 (Unaudited)
RCIT	₱22,222,624	₱15,039
MCIT	12,173	32,481
	<b>₱22,234,797</b>	<b>₱47,520</b>

The reconciliation of the income tax expense computed at statutory tax rate to actual income tax expense (benefit) as presented in the interim consolidated statement of income is summarized as follows:

	2016 (Unaudited)	2015 (Unaudited)
Income tax (benefit) at statutory rate	₱70,913,341	(₱172,819)
Change in unrecognized deferred tax assets	(37,499,666)	1,169,272
Difference between OSD and itemized deductions	(11,436,573)	—
Add (deduct) tax effects of:		
Interest income already subjected to final tax	(826,492)	(849,406)
Dividend income	(57,573)	(171,868)
Nondeductible expenses	1,103,044	72,341
	<b>₱22,196,081</b>	<b>₱47,520</b>

The components of deferred tax assets of the Parent Company and PMEI are as follows:

	March 31, 2016	December 31, 2015
Unrecognized:		
NOLCO	₱15,482,250	₱15,482,250
Allowance for doubtful accounts	—	37,500,000
Unrealized foreign exchange loss	—	(334)
	<b>15,482,250</b>	<b>52,981,916</b>
Recognized:		
NOLCO	₱277,417	₱270,142
MCIT	—	851,226
	<b>₱277,417</b>	<b>₱1,121,368</b>

The components of PSTI's net deferred tax liability are as follows:

	March 31, 2016	December 31, 2015
Deferred tax liability:		
Accruals	₱296,199	₱254,066
Deferred tax assets:		
NOLCO	61,401	—
Allowance for doubtful accounts	17,400	17,400
MCIT	12,173	—
	<b>90,974</b>	<b>17,400</b>
	<b>₱205,225</b>	<b>₱236,666</b>

## 21. Operating Segment Information

The Group's only reportable operating segment is that relating to the leasing of its condominium unit and investing of its funds to various financial assets. The Group aggregated both activities since these are both passive in nature and have the same economic characteristics.

	March 31, 2016 (Unaudited)		
	Reportable Segment	Reconciling Items	Consolidated Balances
Revenue	₱187,508,394	₱977,536	₱188,485,930
Cost of service	(61,105,500)	(366,989)	(61,472,489)
Gross profit	187,508,394	610,547	127,013,441
General and administrative expenses	—	(11,950,915)	(11,950,915)
Other income - net	123,541,775	(2,226,498)	121,315,277
Income before income tax	249,944,669	(13,566,866)	236,377,803
Provision for income tax	22,214,681	(18,600)	22,196,081
Net income	<b>₱227,729,988</b>	<b>(₱13,548,266)</b>	<b>₱214,181,722</b>

	March 31, 2015 (Unaudited)		
	Reportable Segment	Reconciling Items	Consolidated Balances
Revenue	₱6,107,860	₱1,160,316	₱7,268,176
Cost of service	—	(498,944)	(498,944)
Gross profit	6,107,860	661,372	6,769,232
General and administrative expenses	—	(7,345,382)	(7,345,382)
Other income	—	86	86
Income (loss) before income tax	6,107,860	(6,683,924)	(576,064)
Provision for income tax	41,072	6,448	47,520
Net income (loss)	₱6,066,788	(₱6,690,372)	(₱623,584)

Differences between the reportable segment's gross profit and the Group's consolidated gross profit pertain primarily to PSTI's revenue from stock transfer agency, which segment has not reached the quantitative threshold set by PFRS 8. In addition to the Group's stock transfer agency segment, another contributor to the differences between the segment net profit and the Group's consolidated net profit are certain corporate expenses which cannot be attributed specifically to the reportable operating segment.

## 22. Civil Cases

An action was filed in the Sandiganbayan by a group claiming to be directors and officers of POTC and Philcomsat seeking to enjoin the present directors and officers of POTC and Philcomsat from representing themselves as such directors and officers and representative in 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 filed by the group alleging that they are the POTC and Philcomsat board of directors. They appealed to the Supreme Court on November 10, 2008. The Supreme Court consolidated this case with three other cases.

On July 3, 2013, the Supreme Court 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 Supreme Court 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.

In the opinion of Management and its legal counsel, any adverse decision on this case against the Parent Company, if any, will not materially affect the consolidated financial statements. 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).

### 23. Litigation

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

- Criminal Complaint against Araneta for Non-Return of PHC Deposits

A criminal complaint for estafawas filed against Araneta for money market placements amounting to ₱65.0 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 pending decision with the DOJ.

- Criminal Complaint against Brodett and Bankwise Officers Using Spurious Bank Accounts for Parent Company's Deposits

On May 8, 2008, the Parent Company filed a criminal complaint 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 ₱66.8 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. The case was re-raffled to RTC Branch 59 on August 27, 2015 and is ongoing presentation of evidence.

- Criminal Complaint against Locsin, Brodett, Araneta, Lokin, Andal, Jalandoni and de Leon ("Respondents")

The case filed on May 23, 2008 alleged that the respondents caused the unauthorized disbursement and therefore, the misappropriation of the Parent Company's funds amounting to ₱122.0 million. The case was dismissed by the DOJ on July 21, 2010. A Petition for Certiorari was filed with the Court of Appeals on November 9, 2015 and is awaiting decision.

- Criminal Complaint Against Concepcion A. Poblador

A criminal complaint for estafa was filed against Ms. Poblador for allegedly receiving cash advances amounting to ₱14.5 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 finding Ms. Poblador liable only for ₱0.2 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 ₱16.7 million. The case is still awaiting decision.

- 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 Araneta and Lokin. This complaint is based on the 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 ₱35.3 million. On December 14, 2011, the Company filed a Motion to Set Case for Pre-trial. The case is currently ongoing trial and presentation of evidence.

- Criminal Complaint Against Lokin and Andal for Alleged Excessive Amounts of Salaries and Bonuses

On September 11, 2006, the Parent Company filed a complaint against Locsin and Andal with the office of the Ombudsman seeking for the latter to file criminal and administrative charges against them for alleged excessive amounts of salaries and bonuses from the Parent Company. The Ombudsman filed Informations for Violation of the Anti-Graft and Corrupt Practice Act on December 7, 2011 against both Andal and Locsin with the Sandiganbayan for receiving a total of ₱15.0 million and ₱11.0 million, respectively, from 2003 to 2005, from the Parent Company. The case is currently ongoing trial and presentation of evidence.

- Complaint Against Lokin for Alleged Exorbitant Legal Fees

On October 16, 2008, the Parent Company filed a case against Lokin by reason of the alleged exorbitant legal fees paid to the latter totaling ₱31.0 million for the period 2003 to 2007. The position papers of the respective parties have been filed. The case is awaiting resolution.

## Item 2. Management's Discussion and Analysis of Financial condition and Results of Operations

### Key Performance Indicators (KPI)

The Company's KPI for the quarters ended March 31, 2016 and March 31, 2015 are as follows:

Performance Indicator	Formula	March 31, 2016	March 31, 2015
<i>Liquidity</i>			
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	19.2:1	190.42:1
<i>Leverage</i>			
Debt to Equity Ratio	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$	.05:1	.02:1
Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	1.05:1	1.02:1
<i>Profitability</i>			
Gross Profit Ratio	$\frac{\text{Gross Profit}}{\text{Revenue}}$	67.4%	93.1%
Net Profit Ratio	$\frac{\text{Net Profit}}{\text{Revenue}}$	125.4%	NA
Return on Assets	$\frac{\text{Net Income}}{\text{Total Assets}}$	20.1%	NA
Return on Equity	$\frac{\text{Net Income}}{\text{Total Equity}}$	19.2%	NA
<i>Efficiency</i>			
Operating Expense Ratio	$\frac{\text{Operating Expenses}}{\text{Gross Operating Income}}$	9.4%	110%
Interest Rate Coverage Ratio	$\frac{\text{Earnings before Interest Expense and Taxes}}{\text{Interest Expense}}$	NA	NA

#### *Liquidity*

The Company's current ratio of 19.2:1 reflects a highly liquid position although it is lower than the same ratio of same quarter in 2015 wherein the ratio was 190:1. The big decrease in the ratio is attributed to the increase in current tax liabilities related to the collection of receivables.

#### *Leverage*

The Company's leverage ratios in the first quarter of 2016 and 2015 show that the Company's assets are more than adequate to cover liabilities.

#### *Profitability*

Gross profit ratios for the quarters ending March 31, 2016 and March 31, 2015 as well as net profit margin for the first quarter of 2016 reflect high profitability levels at 67% and 78% respectively.



### **Efficiency**

Operating expense ratio for the quarter ended March 31, 2016 decreased considerably to 9.4% from 110% for the same quarter in 2015 as operating income increased significantly in the first quarter of 2016.

### **Results of Operations**

From 2000 to 2010, the Corporation was involved in an intra-corporate feud between the Brodett-Araneta-Lokin-Locsin-Poblador Group, who controlled the Corporation from 2000 to December 2007, and the present Management which assumed control in December 2007.

Due to the hostile takeover, the Brodett Group withdrew and held the corporate funds and transferred corporate property. Thus, for the period between December 2007 and May 2010, present Management was not able to focus on growing the business and operations of the Corporation as all efforts were focused on recovering corporate assets.

Presently, the Company's investments remain in money market placements and other liquid financial instruments. It also derives rental income from the company-owned real estate properties, specifically the 2/f Pacific Star Building on Senator Gil Puyat Avenue, Makati City.

Results of Operations	For the quarter ended March 31, 2016	For the quarter ended March 31, 2015	Increase/ (Decrease)	YoY Change (%)
Revenues	P188,485,930	P 7,268,176	P 181,217,754	2,493
Expenses	73,423,404	7,844,326	65,579,078	836
Other Income	121,315,277	86	121,315,191	141,06,4176
Income (loss) from operations	236,377,803	(P 576,064)	236,953,867	

The Company recorded significantly higher revenues and income from operations in the first quarter of 2016 as the Company received P350 Million as partial settlement of a loan and interest receivable which has been provided a full valuation allowance since 2008.

### **Discussion and Analysis of Material Events and Uncertainties**

i.	Any unknown trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.	Collection of receivables arising from settlement of case will further increase liquidity and gross revenues during the year.
ii.	Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.	None
iii.	All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.	None

iv.	Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures should be described.	None
v.	Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described.	None
vi.	Any significant elements of income or loss that did not arise from the registrant's continuing operations.	Collection of the balance of receivable which was fully provided for since 2008 will significantly increase income.
vii.	The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item.	The material increases in assets, income tax payable and retained earnings were caused by the collection of the balance of receivable which was fully provided for since 2008.
viii.	Any seasonal aspects that had a material effect on the financial condition or results of operations.	None

**List of Top 20 Stockholders as of December 31, 2015**

<b>Rank</b>	<b>Name</b>	<b>Number of Common Shares</b>
1	Philippine Communications Satellite Corporation	796,590,033
2	Somera, Jr. Prudencio C.	100,000,100
3	Laperal, Oliverio G.	49,556,500
4	PCD Nominee Corporation (Filipino)	16,274,534
5	RCBC T/A 236-235 A/C Oliverio Laperal	4,802,413
6	Yap, Enrique Raymond I.	4,000,000
7	Marino Olondriz Y Cia (Hold, per PSE)	2,985,600
8	Ozamiz, Jose Ma.	2,700,000
9	RCBC T/A 36-250 A/C Oliverio Raperal	2,689,000
10	Phil. Oil Development Corp.	1,500,000
11	Imperial Resources, Inc.	800,000
12	Laperal, Jr., Oliverio	776,743
13	Benjamin Co Ca & Co., Inc.	504,300
14	Concepcion, Regina L.	481,000
15	Laperal, Rosa Maria L.	448,000
16	Laperal, Alexandra L.	440,000
17	Ansaldo, Godinez & Co., Inc.	332,500
18	Dacillo, Nenita	320,000
19	Bridgestone Securities Corporation	307,425
20	RCBC T/A 138 A/C Oliverio Laperal	300,000
<b>TOTAL NO. OF SHARES</b>		<b><u>985,808,148</u></b>

**As of March 31, 2016, the members of Board of Directors/Key Officers of Philcomsat Holdings Corporation are as follows:**

Katrina Ponce Enrile	Director and Chair
Daniel C. Gutierrez	Director and Vice-Chair
Ramon P. Jacinto	Director and President
Erlinda I. Bildner	Director and CFO/Treasurer
Pablo L. Lobregat	Director
Carlo A. Carag	Director
Marietta K. Ilusorio	Director
Jose Ramon Ozamiz	Director
Santiago J. Ranada, Jr.	Director
Prudencio C. Somera, Jr.	Director
Julie Y. Daza	Director
Manolita L. Morales	Assistant Treasurer
Lorna Patajo-Kapunan	Compliance Officer
Victoria C. de los Reyes	Corporate Secretary
John Benedict L. Sioson	Assistant Corporate Secretary
Javier Miguel T. Ibazeta	Assistant Compliance Officer/ Corporate Information Officer