111062015001719

SECURITIES AND EXCHANGE COMMISSION

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Industry Classification	
Company Type	Stock Corporation

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

(Company's Full Name)

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M A K A T I   C I T Y

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

ERLINDA I. BILDNER

Contact Person

815-8406

Company Telephone Number

1 2 (*Month*) 3 1 (*Day*)

Fiscal Year

SEC FORM 17-Q

FORM TYPE

3rd Monday of November

Annual Meeting

Secondary License Type, If Applicable

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Total No. of Stockholders

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PHILCOMSAT HOLDINGS CORPORATION AND SUBSIDIARIES
FOR THE QUARTERS ENDED OF SEPTEMBER 30, 2015 AND 2014

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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 72.1concerning 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 September 30, 2015

2. Commission identification number 11163 3. BIR Tax Identification No. 000-471-497-000

4. Exact name of issuer as specified in its charter

 PHILCOMSAT HOLDINGS CORPORATION

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

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

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

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

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

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

Title of Each Class	Number of Shares of Common 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

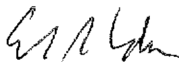
The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such 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 AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2015 AND 2014 AND DECEMBER 31, 2014
(Amounts in Philippine Pesos)

	September 30, 2015 (Unaudited)	September 30, 2014 (Unaudited)	December 31, 2014 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents (Notes 2, 3, 4 and 5)	**P267,527,498**	P273,563,740	P219,118,958
Short-term investments (Notes 2, 3, 4 and 6)	**27,609,796**	104,128,613	104,128,613
Receivables (Notes 2, 3, 4, 7 and 24)	**170,937,646**	92,053,362	94,529,441
Financial assets at FVPL (Notes 2, 3 and 4)	**99,792**	–	162,788
Other current assets (Notes 2, 3 and 8)	**2,516,116**	3,608,578	3,465,634
Total Current Assets	**468,690,848**	473,354,293	421,405,434
Noncurrent Assets			
Receivables - noncurrent (Notes 2, 3, 4 and 7)	**39,000,000**	5,000,000	34,000,000
Available-for-sale financial assets (Notes 2, 3, 4 and 9)	**291,404,708**	342,255,408	343,585,898
Property and equipment - net (Notes 2, 3 and 10)	**144,525**	78,953	769,064
Investment properties - net (Notes 2, 3 and 11)	**113,365,770**	117,684,466	116,604,792
Goodwill (Notes 2, 3 and 12)	**2,570,346**	–	2,570,346
Deferred tax asset (Notes 2, 3 and 21)	–	–	161,837
Other assets (Notes 2, 3, 4 and 13)	**4,934,350**	4,197,750	12,030,031
Total Noncurrent Assets	**451,419,699**	469,216,577	509,721,968
	P920,110,547	P942,570,870	P931,127,402
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accruals (Notes 2, 3, 4 and 14)	**P259,782**	P4,839,647	P606,513
Income tax payable (Notes 2 and 21)	**186,212**	–	–
Other payables (Notes 2, 3, 4 and 15)	**1,495,465**	2,018,326	1,800,211
Total Current Liabilities	**1,941,459**	6,857,973	2,406,724
Noncurrent Liability			
Deposit for future subscription (Notes 2 and 11)	**18,894,000**	18,894,000	18,894,000
Deferred tax liability (Notes 2 and 21)	**235,089**	–	409,249
Total Noncurrent Liabilities	**19,129,089**	18,894,000	19,303,249
Equity			
Share capital (Notes 2, 4 and 16)	**996,391,254**	996,391,254	996,391,254
Net unrealized gain on AFS financial assets (Notes 2 and 9)	**1,051,392**	24,734,087	13,008,240
Deficit (Notes 2 and 4)	**(99,279,071)**	(104,306,444)	(100,738,986)
Equity Attributable to Equity Holders of the Parent Company	**898,163,575**	916,818,897	908,660,508
Noncontrolling Interest (Note 2)	**876,424**	–	756,921
Total Equity	**899,039,999**	916,818,897	909,417,429
	P920,110,547	P942,570,870	P931,127,402

See accompanying Notes to Financial Statements.

PHILCOMSAT HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED SEPTEMBER 30, 2015 AND 2014

(Amounts in Philippine Pesos)

	From July 1 to September 30, 2015	From July 1 to September 30, 2014	**From January 1 to September 30, 2015**	From January 1 to September 30, 2014
REVENUE (Notes 2 and 17)	**P15,472,289**	P7,325,817	**P27,241,634**	P25,729,315
COST OF SERVICE (Notes 2 and 18)	**(1,727,059)**	(1,079,674)	**(4,934,708)**	(3,239,022)
GROSS PROFIT	**13,745,230**	6,246,143	**22,306,926**	22,490,293
GENERAL AND ADMINISTRATIVE COSTS (Notes 2 and 19)	**(6,146,736)**	(10,307,666)	**(20,207,400)**	(20,942,939)
OTHER INCOME (EXPENSE) - net (Notes 2 and 20)	**(2,864)**	571	**(2,583)**	266
INCOME (LOSS) BEFORE INCOME TAX	**7,595,630**	(4,060,952)	**2,096,943**	1,547,620
PROVISION FOR INCOME TAX (Notes 2, 3 and 21)	**(467,654)**	(47,543)	**(517,525)**	(142,630)
NET INCOME (LOSS)	**7,127,976**	(4,108,495)	**1,579,418**	1,404,990
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will be reclassified subsequently to profit or loss				
Net unrealized gain (loss) on AFS financial assets (Notes 2 and 9)	**(10,432,876)**	6,355,480	**(4,705,705)**	15,093,224
TOTAL COMPREHENSIVE INCOME (LOSS)	**(P3,304,900)**	P2,246,985	**(P3,126,287)**	P16,498,214
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company	**P7,014,984**	(P4,108,495)	**P1,459,915**	P1,404,990
Noncontrolling interests (Note 2)	**112,992**	–	**119,503**	–
	P7,127,976	(P4,108,495)	**P1,579,418**	P1,404,990
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company	**(P3,417,892)**	P2,246,985	**(P3,245,790)**	P16,498,214
Noncontrolling interests (Note 2)	**112,992**	–	**119,503**	–
	(P3,304,900)	P2,246,985	**(P3,126,287)**	P16,498,214
BASIC/DILUTED EARNINGS (LOSS) PER SHARE (Notes 2 and 23)				
Computed based on Net Income (Loss)	**P0.0072**	(P0.0041)	**P0.0016**	P0.0014
Computed based on Total Comprehensive Income (Loss)	**(0.0033)**	0.0023	**(0.0031)**	0.0166

See accompanying Notes to Financial Statements.

PHILCOMSAT HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
AS OF SEPTEMBER 30, 2015 AND 2014
(Amounts in Philippine Pesos)

	September 30, 2015	September 30, 2014
SHARE CAPITAL (Notes 2, 4 and 16)	**P996,391,254**	P996,391,254
NET UNREALIZED GAIN ON AFS FINANCIAL ASSETS (Notes 2 and 9)	**1,051,392**	24,734,087
DEFICIT (Notes 2 and 4)		
Balance at beginning of year	**(100,738,986)**	(105,711,434)
Net income (loss) for the period	**1,459,915**	1,404,990
Balance at end of three quarters	**(99,279,071)**	(104,306,444)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**898,163,575**	916,818,897
NONCONTROLLING INTERESTS (Note 2)	**876,424**	–
TOTAL EQUITY	**P899,039,999**	P916,818,897

See accompanying Notes to Financial Statements.

PHILCOMSAT HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
AS OF SEPTEMBER 30, 2015 AND 2014
(Amounts in Philippine Pesos)

	September 30, 2015	September 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	**P2,096,943**	P1,547,620
Adjustments for:		
Depreciation (Notes 2, 3, 10 and 11)	**3,337,344**	3,255,065
Gain on sale of condominium unit (Note 17)	**(673,783)**	–
Gain on sale of available-for-sale financial assets (Note 17)	**(5,723,471)**	–
Income (loss) before working capital changes	**(962,967)**	4,802,685
Decrease (increase) in:		
Short-term investments (Notes 2, 3, 4 and 6)	**76,518,817**	(59,149,738)
Receivables (Notes 2, 3, 4, 7 and 24)	**(76,408,205)**	(40,818,321)
Financial assets at FVPL (Notes 2, 3 and 4)	**62,996**	–
Other current assets (Notes 2 and 8)	**431,993**	(788,989)
Decrease in:		
Accounts payable and accruals (Notes 2, 3, 4 and 14)	**(346,731)**	(3,241,928)
Other payable (Notes 2, 3, 4 and 15)	**(304,746)**	(2,305,812)
Income tax	**173,889**	–
Net cash used in operating activities	**(834,954)**	(101,502,103)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of available-for-sale financial assets (Notes 2, 3, 4 and 9)	**105,696,449**	–
Proceeds from sale of condominium unit (Notes 2, 3 and 10)	**1,200,000**	–
Proceeds from retirement of available-for-sale financial assets (Notes 2, 3, 4 and 9)	–	10,000,000
Issuance of loans receivable (Notes 2, 3, 4 and 7)	**(5,000,000)**	–
Acquisition of available-for-sale financial assets (Notes 2, 3, 4 and 9)	**(59,748,636)**	(33,895,651)
Additions to property and equipment (Notes 2, 3 and 10)	–	(77,084)
Other assets (Note 13)	**7,095,681**	85,676,815
Net cash provided by investing activities	**49,243,494**	61,704,080
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**48,408,540**	(39,798,023)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**219,118,958**	313,361,763
CASH AND CASH EQUIVALENTS AT END OF THREE QUARTERS	**P267,527,498**	P273,563,740
CASH AND CASH EQUIVALENTS AT END OF THREE QUARTERS CONSISTS OF:		
Cash on hand and in banks	**P17,259,850**	P14,198,230
Money market placements	**250,267,648**	259,365,510
	P267,527,498	P273,563,740

See accompanying Notes to Financial Statements.

1. General

Philcomsat Holdings Corporation (PHC or 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 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 Securities and Exchange Commission (SEC) approved the amended Articles of Incorporation of the Parent 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 September 12, 1997, the SEC approved the declassification of its common stocks into one class and the change of its par value from P0.01 to P1.00 per share. On May 9, 2006, the SEC approved the extension of corporate life for another fifty (50) years.

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, also incorporated in the Philippines.

The Parent Company's original 60 million shares are listed and traded in the Philippine Stock Exchange (PSE). The 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 Parent Company for the unlisted shares shall be treated as new application.

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 company-financed car assistance program of Philcomsat for the latter's officers and directors. The Parent Company also derive its income on its money market placements and bank deposits.

The Parent Company and all of its subsidiaries (collectively referred to as "the Group") were incorporated in the Philippines. Following are the subsidiaries and the respective percentages of ownership as of June 30, 2015.

	Percentage of Ownership	
	Direct	Indirect
Philcomsat Management Enterprises Inc. (PMEI)	100.00	–
Professional Stock Transfer Inc. (PSTI)	–	70.56

The principal activities of the subsidiaries are as follows:

Name of Subsidiaries	Principal Activities
PMEI	Management services
PSTI	Stock transfer agency

The registered address of the Parent Company is at 12th Floor, Telecoms Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City. The Parent Company does not have any regular employees. The accounting and management services are under the management of Philippine Communications Satellite Corporation.

2. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared on a fair value measurement. The consolidated financial statements are presented in Philippine peso, which is the Group's functional and presentation currency. All values are rounded to the nearest peso except as otherwise indicated.

Statement of Compliance

The accompanying consolidated financial statements 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 issued by former Standing Interpretations Committee, the Philippine Interpretations Committee and the International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the Philippine Financial Reporting Standards Council and adopted by the Philippine SEC.

Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and entities controlled by the Parent Company (its subsidiares) as at December 31 of each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has all the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities if the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and,
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- Any contractual arrangement with the other vote holders of the investee
- Rights arising from the other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

A subsidiary is an entity controlled by the Parent Company. Subsidiary is fully consolidated from the date the Group obtains control, and continue to be consolidated until the date when such control ceases. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Non-controlling interests represent the portion of profit or loss and net assets in not held by the Group and are presented separately in the consolidated statements of comprehensive income and consolidated statements of financial position from equity attributable to equity holders of the Parent Company.

The financial statements of the Subsidiary is prepared for the same period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions and gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance.

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. When the Group loses control of a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation difference recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Recognizes the Parent Company's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Parent Company has directly disposed of the related assets and liabilities.

Accounting Policies Adopted

The following accounting standards, amendments and interpretations to existing standards that have been published by the International Accounting Standards Board (IASB) and adopted by the Financial Reporting Standards Council (FRSC) which became effective for accounting periods beginning on or after January 1, 2005 were adopted by the Group:

PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards
PFRS 1 (Amendments)	Additional Exemptions for First-time Adopters
PFRS 1 (Amendments)	Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters
PFRS 3 (Revised)	Business Combinations
PFRS 7	Financial Instruments: Disclosures
PFRS 7 (Amendments)	Transition
PFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
PFRS 7 (Amendments)	Disclosures - Transfers of Financial Assets
PFRS 7 (Amendments)	Disclosures - Offsetting Financial Assets and Financial Liabilities
PFRS 10	Consolidated Financial Statements
PFRS 12	Disclosure of Interests in Other Entities
PFRS 13	Fair Value Measurement
PAS 1 (Revised)	Presentation of Financial Statements
PAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income (OCI)
PAS 7	Statement of Cash Flows
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
PAS 10	Events After the Reporting Period
PAS 12	Income Taxes
PAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets
PAS 16	Property, Plant and Equipment

PAS 17	Leases
PAS 18	Revenue
PAS 19 (Amended)	Employee Benefits
PAS 21	The Effects of Changes in Foreign Exchange Rates
PAS 24 (Revised)	Related Party Disclosure
PAS 27 (Amended)	Separate Financial Statements
PAS 32	Financial Instruments: Disclosures and Presentation
PAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities
PAS 33	Earnings Per Share
PAS 36	Impairment of Assets
PAS 36 (Amendments)	Recoverable Amount Disclosures for Nonfinancial Assets
PAS 37	Provisions, Contingent Liabilities and Contingent Assets
PAS 39	Financial Instruments: Recognition and Measurement
PAS 39 (Amendments)	Transition and Initial Recognition of Financial Assets and Financial Liabilities
PAS 39 (Amendments)	The Fair Value Option
PAS 39 and PFRS 7	Reclassification of Financial Assets
PAS 40	Investment Property

These new standards, amendments and interpretations prescribe new accounting measurement and disclosure requirements applicable to the Group. When applicable, the adoption of the new standards was made in accordance with the transitional provisions of the standards, otherwise the adoption of the new standards is accounted for as change in accounting policy under PAS 8: *"Accounting Policies, Changes in Accounting Estimates and Errors"*. The effects of these new standard, amendments and interpretations on the Group's accounting policies and on the amounts disclosed in the consolidated financial statements are summarized as follows:

PFRS 1 (Revised), *"First-time Adoption of Philippine Financial Reporting Standards"*, ensures that an entity's first PFRS financial statements, and its interim financial reports for part of the period covered by those financial statements, contain high quality information that:

a) is transparent for users and comparable over all periods presented;
b) provides a suitable starting point for accounting in accordance with International Financial Reporting Standards (IFRSs); and
c) can be generated at a cost that does not exceed the benefits.

Amendments to PFRS 1, *"First-time Adoption of Philippine Financial Reporting Standards – Additional Exemptions for First-time Adopters"*, address the retrospective application of IFRSs to particular situations and are aimed at ensuring that entities applying PFRSs will not face undue cost or effort in the transition process. The amendments:

- exempt entities using the full cost method from retrospective application of PFRSs for oil and gas assets.
- exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with IFRIC 4, *"Determining whether an Arrangement contains a Lease"* when the application of their national accounting requirements produced the same result.

Amendment to PFRS 1, *"First-time Adoption of Philippine Financial Reporting Standards – Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters"*, relieves first-time adopters of IFRSs from providing the additional disclosures introduced in Amendments to PFRS 7, *"Improving Disclosures about Financial Instruments"*. It thereby ensures that first-time adopters benefit from the same transition provisions that Amendments to PFRS 7 provides to current PFRS preparers. Additionally, the amendment to PFRS 1 clarifies the IASB's conclusions and intended transition for Amendments to PFRS 7.

PFRS 3 (Revised), *"Business Combinations"*, establishes principles and requirements for how the acquirer:

a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree;
b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and
c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination.

PFRS 7, *"Financial Instruments – Disclosures"*, requires entities to provide disclosures in their financial statements that enable users to evaluate:

a) the significance of financial instruments for the entity's financial position and performance; and
b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

Amendments to PFRS 7, *"Financial Instruments – Transition"*, a transition relief was given with respect to the presentation of comparative information for the new risk disclosures about the nature and extent of risks arising from financial instruments.

Amendments to PFRS 7, *"Financial Instruments – Improving Disclosures about Financial Instruments"*, introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements.

In addition, the amendments clarify and enhance the existing requirements for the disclosure of liquidity risk.

Amendments to PFRS 7, *"Financial Instruments – Disclosures - Transfers of Financial Assets"*, allow users of financial statements to improve their understanding of transfer transactions of financial assets, including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Amendments to PFRS 7, *"Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities"*, require an entity to disclose information about rights of offset and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are offset in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information.

This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

a) The gross amounts of those recognized financial assets and recognized financial liabilities
b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the balance sheet
c) The net amounts presented in the balance sheet
d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
   i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32
   ii. Amounts related to financial collateral (including cash collateral)
e) The net amount after deducting the amounts in (d) from the amounts in (c) above

PFRS 10, *"Consolidated Financial Statements"*, requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in PAS 27, *"Consolidated and Separate Financial Statements"* and SIC-12 *"Consolidation – Special Purpose Entities"*. The standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements. The standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in 'special purpose entities'). Under PFRS 10, control is based on whether an investor has (a) power over the investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the returns.

PFRS 12, *"Disclosure of Interests in Other Entities"*, requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. In high-level terms, the required disclosures are grouped into the following broad categories:

a) Significant judgements and assumptions - such as how control, joint control, significant influence has been determined;
b) Interests in subsidiaries - including details of the structure of the group, risks associated with structured entities, changes in control, and so on;
c) Interests in joint arrangements and associates - the nature, extent and financial effects of interests in joint arrangements and associates (including names, details and summarized financial information);
d) Interests in unconsolidated structured entities - information to allow an understanding of the nature and extent of interests in unconsolidated structured entities and to evaluate the nature of, and changes in, the risks associated with its interests in unconsolidated structured entities.

PFRS 13, *"Fair Value Measurement"*, replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. The PFRS is the result of joint efforts by the IASB and FASB to develop a converged fair value framework. The IFRS defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, PFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

PFRS 13 applies when another PFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a 'fair value hierarchy' based on the nature of the inputs: (i) Level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date; (ii) Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; (iii) Level 3 - unobservable inputs for the asset or liability. Entities are required to make various disclosures depending upon the nature of the fair value measurement (e.g. whether it is recognized in the financial statements or merely disclosed) and the level in which it is classified.

PAS 1 (Revised), *"Presentation of Financial Statements"*, prescribes the basis for presentation of general purpose financial statements to ensure comparability both with the entity's financial statements of previous periods and with the financial statements, guidelines for their structure and minimum requirements for their content.

The changes made will require information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable readers to analyze changes in a company's equity resulting from transactions with owners in their capacity as owners (such as dividends and share repurchases) separately from 'non-owner' changes (such as transactions with third parties).

The revised standard gives preparers of financial statements the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income).

The revisions include changes in the titles of some of the financial statements to reflect their function more clearly (for example, the balance sheet is renamed a statement of financial position). The new titles will be used in accounting standards, but are not mandatory for use in financial statements.

The revised standard introduces a requirement to present a statement of financial position at the beginning of the earliest comparative period in a complete set of financial statements when the entity applies an accounting policy retrospectively or makes a retrospective restatement, as defined in PAS 8, *"Accounting Policies, Changes in Accounting Estimates and Errors"*, or when the entity reclassifies items in the financial statements.

Amendments to PAS 1, *"Financial Statement Presentation – Presentation of Items of Other Comprehensive Income (OCI)"*, change the grouping of items presented in OCI. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified.

PAS 7, *"Statement of Cash Flows"*, requires the provision of information about the historical changes in cash and cash equivalents of an entity by means of a cash flow statement which classifies cash flows during the period from operating, investing and financing activities.

PAS 8, *"Accounting Policies, Changes in Accounting Estimates and Errors"*, prescribes the criteria for selecting and changing accounting policies, together with the accounting treatments and disclosure of changes in accounting policies, changes in accounting estimates and correction of errors. The standard is intended to enhance the relevance and reliability of an entity's financial statements, and the comparability of those financial statements over time and with the financial statements over time and with the financial statements of other entities.

PAS 10, *"Events After the Reporting Period"*, prescribes:

a) when an entity should adjust its financial statements for events after the balance sheet date; and
b) the disclosures that an entity should give about the date when the financial statements were authorized for issue and about events after the balance sheet date.

The standard also requires that an entity should not prepare its financial statements on a going concern basis if events after the balance sheet date indicate that the going concern assumption is not appropriate.

PAS 12, *"Income Taxes"*, prescribes the accounting treatment for income taxes.

This standard requires an entity to recognize a deferred tax liability (deferred tax asset), with certain limited exceptions.

This standard requires an entity to account for the tax consequences or transactions and other events in the same way that it accounts for the transactions and other events themselves. Thus, for transactions and other events recognized in profit or loss, any related tax effects are also recognized in profit or loss. For transactions and other events recognized outside profit or loss (either in other comprehensive income or directly in equity), any related tax effects are also recognized outside profit or loss (either in other comprehensive income or directly in equity, respectively). Similarly, the recognition of deferred tax assets and liabilities in a business combination affects the amount of the bargain purchase gain recognized.

This standard also deals with the recognition of deferred tax assets arising from unused tax losses or unused tax credits, the presentation of income taxes in the financial statements and the disclosures of information relating to income taxes.

Amendment to PAS 12, *"Income Taxes – Deferred Tax: Recovery of Underlying Assets"*, clarifies the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in PAS 40, *"Investment Property"*, should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16, *"Property, Plant and Equipment"*, always be measured on a sale basis of the asset.

PAS 16, *"Property, Plant and Equipment"*, prescribes the accounting treatment for property, plant and equipment.

PAS 17, *"Leases"*, prescribes the appropriate accounting policies and disclosures to apply in relation to leases.

PAS 18, *"Revenue"*, identifies the circumstances in which revenue will be recognized.

PAS 19 (Amended), "*Employee Benefits*," prescribes the accounting and disclosure for employee benefits. It requires an entity to recognize:

a) a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
b) an expense when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

PAS 21, "*The Effects of Changes in Foreign Exchange Rates*," prescribes how to include foreign currency transactions and foreign operations in the financial statements of an entity and how to translate financial statements into a presentation currency.

PAS 27 (Amended), *"Separate Financial Statements"*, prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

PAS 24 (Revised), *"Related Party Disclosures"*, ensures that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

PAS 27 (Amended), *"Separate Financial Statements"*, prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

PAS 27 was amended to contain requirements relating only to separate financial statements. The revisions require the acquirer to expense direct acquisition costs as incurred; to revalue to fair value any pre-existing ownership in an acquired company at the date on which the Company takes control, and record the resulting gain or loss in net income; to record in net income adjustments to contingent consideration which occur after completion of the purchase price allocation; to record directly in equity the effect of transactions after taking control of the acquiree which increase or decrease the Company's interest but do not affect control; to revalue upon divesting control any retained shareholding in the divested company at fair value and record the resulting gain or loss in net income; and to attribute to non-controlling shareholders their share of any deficit in the equity of a non wholly-owned subsidiary.

PAS 32, *"Financial Instruments: Disclosures and Presentation"*, which prescribes the requirements for the presentation of financial instruments and identifies the information that should be disclosed about them. The presentation requirements apply tc the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset. The standard requires disclosure of information about factors that affect the amount, timing and certainty of an entity's future cash flows relating to financial instruments and the accounting policies applied to those instruments.

This standard also requires disclosure of information about the nature and extent of an entity's use of financial instruments, the business purposes they serve, the risks associated with them, and management policies for controlling those risks.

Amendments to PAS 32, *"Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities"*. These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria of non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively.

PAS 33, *"Earnings Per Share",* prescribes the principles for the determination and presentation of earnings per share, so as to improve performance comparison between different entities in the same reporting period and between different reporting periods for the same entity. Even though earnings per share data have limitations because of the different accounting policies that may be used for determining "earnings", a consistently determined denominator enhances financial reporting. The focus of this standard is on the denominator of the earnings per share calculation.

PAS 36, *"Impairment of Assets"*, prescribes the procedures that an entity applies to ensure that its assets are carried at no more than their recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described to be impaired and the standard requires the entity to recognize an impairment loss. The standard also specifies when an entity should reverse an impairment loss previously recognized. The revised standard clarifies the elements that should be reflected in the calculation of an asset's value in use. PAS 36 prescribes the frequency of impairment testing for intangible assets.

Amendments to PAS 36, *"Impairment of Assets – Recoverable Amount Disclosures for Nonfinancial Assets"*. The amendments remove unintended consequence of PFRS 13 *"Fair Value Option"*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units for which impairment loss has been recognized or reversed during the period.

PAS 37, *"Provisions, Contingent Liabilities and Contingent Assets"*, ensures that appropriate recognition criteria and measurement basis are applied to provisions, contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to financial statements to enable users to understand their nature, timing and amount.

PAS 39, *"Financial Instruments: Recognition and Measurement"*, which prescribes the principles for recognizing, measuring, and disclosing information about financial assets and financial liabilities. PAS 39 supplements the disclosure provision of PAS 32, *"Financial Instruments: Disclosures and Presentation"*.

Amendment to PAS 39, *"Financial Instruments: Recognition and Measurement – Transition and Initial Recognition of Financial Assets and Financial Liabilities"*, the amendment provides transitional relief from retrospective application of the 'day 1' gain and loss recognition requirements by allowing entities to adopt a transition option that is easier to implement than that in the previous version of PAS 39. It gives entities a choice of applying the 'day 1' gain or loss recognition requirements in PAS 39: (a) retrospectively (as current required by PAS 39); (b) prospectively to transactions entered into after October 25, 2002; or (c) prospectively to transactions entered into after January 1, 2004.

Amendments to PAS 39: *"Financial Instruments: Recognition and Measurement – The Fair Value Option"*, the IASB revises the fair value option by limiting its use to those financial instruments that meet certain conditions. The conditions that are required to be met under the amendments are: where such designation eliminates or significantly reduces an accounting mismatch, when a group of financial assets, financial liabilities or both are managed and their performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy, and when an instrument contains an embedded derivative that meets particular conditions.

Amendments to PAS 39 and PFRS 7, *"Financial Instruments: Recognition and Measurement, and Financial Instruments: Disclosures – Reclassification of Financial Assets"*, permit an entity to:

- reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category if the financial asset is no longer held for the purpose of selling or repurchasing it in the near term in particular circumstances.

- transfer from the available-for-sale category to the loans and receivables category a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available for sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future.

PAS 40, *"Investment Property"*, prescribes the accounting treatment for investment property and related disclosure requirements.

Improvements to PFRSs

- *Improvements to PFRSs 2008*

  Improvements to PFRSs 2008 discuss 35 amendments and are divided into two parts: a) Part I includes 24 amendments that result in accounting changes for presentation, recognition or measurement purposes; and b) Part II includes 11 terminology or editorial amendments that the International Accounting Standards Board (IASB) expects to have either no or only minimal effects on accounting. The adoption of these improvements did not have any significant impact on the Group's consolidated financial statements upon its adoption in January 1, 2009.

- *Improvements to PFRSs 2009*

  Improvements to PFRSs 2009 contain 15 amendments to 12 standards. In particular the amendments to PAS 17, *"Leases"*, may affect the classification of leases of land and buildings, particularly in jurisdictions in which such leases often are for a long period of time. The amendments are generally effective for annual periods beginning on or after January 1, 2010. These improvements and amendments did not have any significant impact on the Group's consolidated financial statements upon its adoption in January 1, 2009 and 2010.

- *Improvements to PFRSs 2010*

  Improvements to PFRSs 2010 contain 11 amendments to 6 standards and 1 interpretation. The improvements include amendments to PFRS 3, PAS 1 and transition to requirements for amendments to PAS 21, PAS 28 and PAS 31 made as a result of PAS 27 (revised) which are effective on or after July 1, 2010. It also include amendments to PFRS 1, PFRS 7, PAS 34 and Philippine Interpretation IFRIC-13 which are all effective on or after January 1, 2011. These amendments are not expected to have any significant impact on the Group's financial statements upon its adoption on calendar years beginning January 1, 2010 and 2011.

- *Annual Improvements to PFRSs (cycle 2009-2011)*

  In the 2009-2011 annual improvements cycle, six amendments to five standards were issued. The improvements include amendments to PFRS 1, *"First-time Adoption of PFRS - Repeated Application of PFRS 1 and Borrowing Costs"*, PAS 1, *"Presentation of Financial Statements - Clarification of the Requirements for Comparative Presentation"*, PAS 16, *"Property, Plant and Equipment - Classification of Servicing Equipment"*, PAS 32, *"Financial Instruments: Presentation - Tax Effect of Distribution to Holders of Equity Instruments"*, and PAS 34, *"Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities"*. The amendments have no material impact on the Group.

- *Annual Improvements to PFRSs (cycle 2010-2012)*

  In the 2010-2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13, *"Fair Value Measurement"*. The amendment to PFRS 13 is effective immediately and it clarifies that a short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment has no material impact on the Group.

- *Annual Improvements to PFRSs (cycle 2011-2013)*

  In the 2011-2013 annual improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, *"First-time Adoption of Philippine Financial Reporting Standard"*. The amendment to PFRS 1 is effective immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment has no impact on the Group as it is not a first time PFRS adopter.

New Accounting Standards Effective Beginning January 1, 2015

- Amendments to PAS 19, *"Employee Benefits – Defined Benefit Plans: Employee Contributions"*

  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number or years or service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.

It is not expected that this amendment would be relevant to the Group, since the Group has no retirement benefit yet.

- Annual Improvements to PFRSs (cycle 2010-2012)

The Annual improvements to PFRSs (cycle 2010-2012) contain non-urgent but necessary amendments to the following standards. Except as otherwise stated the Group does not expect these amendments to have a significant impact on the consolidated financial statements.

PFRS 2, "Share-based Payment – Definition of Vesting Condition"

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

• A performance condition must contain a service condition
• A performance target must be met while the counterparty is rendering service
• A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
• A performance condition may be a market or non-market condition
• If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

PFRS 3, "Business Combinations – Accounting for Contingent Consideration in a Business Combination"

It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39. The Group shall consider this amendment for future business combination.

PFRS 8, "Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets"

The amendments are applied retrospectively and clarify that:

• A entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
• The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

PAS 16, "Property, Plant and Equipment: Revaluation Method – Proportionate Restatement of Accumulated Depreciation", and PAS 38, *"Intangible Assets: Revaluation Method – Proportionate Restatement of Accumulated Amortization"*

The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

PAS 24, "Related Party Disclosures – Key Management Personnel"

The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendments will affect disclosures only and will have no impact on the Group's financial position or performance.

- Annual Improvements to PFRSs (cycle 2011-2013)

The Annual improvements to PFRSs (cycle 2011-2013) contain non-urgent but necessary amendments to the following standards. Except as otherwise stated the Group does not expect these amendments to have a significant impact on the consolidated financial statements.

PFRS 3, "Business Combinations – Scope Exceptions for Joint Arrangements"

The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:

• Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
• This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

PFRS 13, "Fair Value Measurement – Portfolio Exception"

The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

PAS 40, "Investment Property"

The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

Future Changes in Accounting Policies

The following are the new and amended standards, interpretations and improvements that are not yet adopted. The Group will assess if these are applicable and relevant to the Group's operations. The Group intends to adopt when applicable and become effective. The Group does not expect the adoption of these to have a significant impact on the consolidated financial statements.

- PFRS 9, *"Financial Instruments: Classification and Measurement"*

  PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

  PFRS 9 (2010 version) is effective for annual periods beginning in or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council. Such adoption, however, is still for approval by the Board of Accountancy (BOA). The Group will not opt to early adopt the standard.

Deferred

- Philippine Interpretation IFRIC 15, *"Agreement for Construction of Real Estate"*

  The interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. This Philippine Interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *"Construction Contracts"*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and rewards of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the IASB and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

  Adoption of the interpretation when it becomes effective will not have any impact on the consolidated financial statements of the Group.

The following new standards and amendments were already adopted by the FRSC but are still for approval by BOA.

Effective in 2016

- Amendments to PAS 16, *"Property, Plant and Equipment"*, and PAS 38, *"Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization"*

  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted.

  These amendments are not expected to have any impact to the Group given that the Group is not using a revenue-based method to depreciate its noncurrent assets.

- Amendments to PAS 16, *"Property, Plant and Equipment"*, and PAS 41, *"Agriculture – Bearer Plants"*

  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measure at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *"Accounting for Government Grants and Disclosure of Government Assistance"*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

  These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

- Amendments to PAS 27, *"Separate Financial Statements – Equity Method in Separate Financial Statements"*

  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

  These amendments will not have any impact on the Group's consolidated financial statements.

- 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"*

  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 in dealing with sale of contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after January 1, 2016.

- Amendments to PFRS 11, *"Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations"*

  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- PFRS 14, *"Regulatory Deferral Accounts"*

  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. PFRS 14 is effective for annual periods beginning on or after January 1, 2016.

  Since the Group is an existing PFRS preparer, this standard would not apply.

- Annual Improvements to PFRSs (cycle 2012-2014)

  The Annual improvements to PFRSs (cycle 2012-2014) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Group. They include:

  PFRS 5, "Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal"

  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

PFRS 7, "Financial Instruments: Disclosures – Servicing Contracts"

PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied as such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

Amendments to PFRS 7, "Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements"

This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

PAS 19, "Employee Benefits – Regional Market Issue Regarding Discount Rate"

This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

PAS 34, "Interim Financial Reporting – Disclosure of Information 'Elsewhere in the Interim Financial Report"

The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective in 2018

- PFRS 9, *"Financial Instruments – Hedge Accounting"*, and Amendments to PFRS 9, PFRS 7 and PAS 39

  PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objective-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets but will have no impact on the classification and measurement of the Group's financial liabilities. The Group is currently assessing the impact of adopting this standard.

The adoption of the third phase of the project is not expected to have any significant impact in the Group's consolidated financial statements.

- PFRS 9, *"Financial Instruments "*

  In July 2014, the final version of PFRS 9 was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39 and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Retrospective application is required, but comparative information is not compulsory. Early adoption of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

  The adoption of PFRS 9 (2014 version) will have an effect on the classification and measurement of the Group's financial assets but will have no impact on the classification and measurement of the Group's financial liabilities. The Group is currently assessing the impact of adopting this standard.

  The adoption of the other phases of the project is not expected to have any significant impact on the Group's consolidated financial statements.

The following new standard and amendments issued by the IASB has not yet been adopted by the FRSC:

- International Financial Reporting Standards (IFRS) 15, *"Revenue from Contracts with Customers"*

  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled to in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017, with early adoption permitted.

- Amendments to International Accounting Standards (IAS) 1, *"Presentation of Financial Statements"*

  In December 2014, the IASB issued the amendments to IAS 1. The amendments include narrow-focus improvements in five areas; namely, materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies and presentation of items of other comprehensive income arising from equity accounted investments. The amendments are effective on or after January 1, 2016.

- Amendments to IFRS 10, *"Consolidated Financial Statements"*, IFRS 12, *"Disclosure of Interests in Other Entities"*, and IAS 28, *"Investments in Associates and Joint Ventures"*

  In December 2014, the IASB issued Investment Entities: Applying the Consolidation Exception (amendment to IFRS 10, IFRS 12 and IAS 28). The amendments address certain issues that have arisen in applying the investment entities exception under IFRS 10. The amendments are effective on or after January 1, 2016.

The Group is currently assessing the impact of IFRS 15 and the amendments to IAS 1 and IFRS 10, IFRS 12 and IAS 28 and plans to adopt the new and amended standards on their required effective dates once adopted locally.

Significant Accounting Policies

Fair Value Measurement

Fair value is the price that would be receive to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial 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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - Inputs are unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing 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.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy.

Financial Assets and Liabilities

Date of Recognition
The Group recognized a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument of a component that is a financial liability, are reported as expense or income. Distribution to holders of financial instruments classified as equity are charged directly to shareholders equity, net of any related income tax benefits. Financial instruments are offset when there is a legally enforceable right to offset and intention to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Initial Recognition
Financial assets and liabilities are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of the financial assets and liabilities are included in the initial measurement of all financial assets and liabilities, except for financial instruments measured at fair value through profit or loss.

Determination of Fair Value
The fair value of financial instruments traded in active markets at consolidated statements of financial position date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction is used since it provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not quoted in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models and other relevant valuation models.

"Day 1" Difference
Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value ("Day 1" difference) in the consolidated statements of comprehensive income under "other income" or " finance cost" account unless it qualifies for recognition as some other type of asset. In cases, where date used are not observable, the difference between the transaction price and model value is only recognized in the consolidated statements of comprehensive income when inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference amount.

Classification and Measurement

Financial assets are further classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The Group classifies its financial liabilities into financial liabilities at fair value through profit or loss and other financial liabilities at amortized cost. Financial assets and financial liabilities are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

a. *Financial assets and financial liabilities at fair value through profit or loss*

   Financial assets and financial liabilities at fair value through profit or loss includes financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at fair value through profit or loss.

   Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognized in profit or loss.

   Financial assets and financial liabilities may be designated at initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets and liabilities or recognizing gains or losses on them on a different basis; or (ii) the assets and liabilities are part of a group of financial assets and financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the assets and liabilities contain an embedded derivative that would need to be separately recorded.

   Financial assets at FVPL account is included in this category.

b. *Loans and receivables*

   Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are integral part of the effective interest rate. Gains and losses are recognized in the consolidated statements of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are classified as current assets if maturity is within 12 months from the balance sheet date. Otherwise, these are classified as noncurrent assets.

   Included in this category are cash and cash equivalents, short-term investments, receivables and time deposits with BPI and cash in bank with RCBC under other assets.

c. *Held-to-maturity*

Quoted nonderivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any differences between the initially recognized amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction cost and all other premiums and discounts. For investments carried at amortized cost, gains and losses are recognized in the consolidated statements of comprehensive income when investments are derecognized or impaired, as well as through the amortization process. Assets under this category are classified as current assets if maturity is more than a year from consolidated statements of financial position date.

Held-to-maturity investments account is included in this category.

d. *Available-for-sale financial assets (AFS)*

Available-for-sale financial assets are nonderivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are carried at fair value in the consolidated statements of financial position. Changes in the fair value of such assets are accounted for in equity until the investments are derecognized from the consolidated statements of financial position or until the investments are determined to be impaired at which time the cumulative gains or losses previously reported in equity are transferred to the consolidated statements of comprehensive income. After initial recognition, available-for-sale financial assets that are quoted in an active market are carried at fair value. The unrealized gains and losses arising from the change in fair value of available-for-sale financial assets are reported in the consolidated statements of comprehensive income. These financial assets are classified as noncurrent assets unless the intention is to dispose such as assets within 12 months from consolidated statements of financial position date.

Available-for-sale investments account is included in this category.

e. *Other financial liabilities*

Financial liabilities are classified in this category if they are not held for trading or not designated as at fair value through profit or loss upon inception of the liability. Other financial liabilities are initially recognized at fair value of the consideration received less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by into account any related issue costs, discount or premium. Gains and losses are recognized in the consolidated statements of comprehensive income when the liabilities are derecognized, as well as through the amortization process. Financial liabilities are classified as current liabilities if these are expected to be paid or settled within 12 months after the balance sheet date. Otherwise, these are classified as noncurrent liabilities.

Included in this category are accounts payable and accruals, other payables, with the exemption of statutory payables, and due to parent company.

Impairment of Financial Assets
The Group assesses at each consolidated statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For loans and receivables, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to the consolidated statements of comprehensive income. Receivables, together with the associated allowance accounts, are written-off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a future write-off is later recovered, any amounts formerly charged are credited to the "Other income" account.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as industry, collateral type, past-due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

Assets carried at amortized cost
If there is objective evidence that an impairment loss on loans and receivable carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial assets shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in the consolidated statements of comprehensive income.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individual assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is on continues to be recognized are not included in a collective assessment or impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statements of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Assets carried at cost
If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instruments has been occurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Available-for-sale financial assets
If there is objective evidence of impairment would include a significant or prolonged decline in fair value of the investments below its cost. Significant decline in fair value is evaluated against the original cost of investment, while prolonged decline is assessed against the periods in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statements of comprehensive income, is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed in the consolidated statements of comprehensive income. Increases in fair value after impairment are recognized in other comprehensive income.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets
A financial asset (or, where applicable a part of financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a pass-through arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

Offsetting
Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to set off the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and the liability simultaneously.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash with original maturities of three months or less from dates of acquisition and that are subject to an insignificant risk of change in value.

Short-term Investments
Short-term investments are money market placements, which are highly liquid with maturities of more than three months but less than one year from the date of acquisition.

Receivables
Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

A provision for impairment of receivables are established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statements of comprehensive income.

When a receivable is uncollectible, it is written-off against the allowance account for receivables. Subsequent recoveries of amounts previously written-off are recognized as income in the consolidated statements of comprehensive income.

Other Current Assets

Creditable Withholding Tax
Creditable withholding tax represents income tax withheld by the customers that can be claimed as credit against the Group's income tax liabilities.

Prepayments
Prepayments include expenses already paid but not yet incurred. These are measured at cost less amortization.

Property and Equipment
Property and equipment are carried at cost less accumulated depreciation, amortization and any impairment in value. Subsequent expenditure relating to the property and equipment is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expense in the period in which it is incurred. An item of property and equipment is eliminated from the consolidated statements of financial position upon disposal or when it is permanently withdrawn from use and no future economic benefits are expected from disposal.

Depreciation commences once the property and equipment are available for use and is computed on the straight-line basis over the estimated useful lives of the assets regardless of utilization. The useful life of each of the property and equipment is 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 carrying value of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recovered.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

Investment Properties
Investment properties are measured initially at cost, including transaction costs. This cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day-to-day servicing of an investment property.

Subsequent to initial recognition, depreciable investment properties are carried at cost less accumulated depreciation and amortization and any impairment in value.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to operations in the period in which the costs are incurred.

Depreciation is calculated on a straight-line basis using the remaining useful lives from the time of acquisition of the investment properties but not to exceed twenty five years.

Investment properties are derecognized when either they have been disposed of, or when an investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property is recognized in the consolidated statements of comprehensive income in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative costs.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date.

If the business combination is achieved in stages, any previously held equity interests is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. It is considered in determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39 is measured at fair value with changes in fair value recognized either in profit or loss or in OCI. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statements of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing performed annually, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Input Tax

Input tax represents value added tax (VAT) paid to suppliers that can be claimed as credit against the Group's VAT liabilities.

Accounts Payable and Accruals and Other Payables

Accounts payable and accruals and other payables are liabilities to pay for goods or services that have been received or supplied.

Short-term and non-interest bearing financial liabilities are subsequently measured at cost less settlement payments.

Deposit for Future Subscription

Deposit for future subscription represents the amount of consideration received with the purpose of applying the same as payment for future issuance of stocks which may or may not materialize.

Impairment of Nonfinancial Assets

The carrying values of other current assets, property and equipment, investment properties, input tax and other nonfinancial assets, except goodwill, are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and when the carrying value of an asset exceeds its estimated recoverable amount, the asset or cash generating unit to which the asset belongs is written down to its recoverable amount. The recoverable amount of an asset is the greater of its net selling price and value in use. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. For impairment loss on specific assets or investments, the recoverable amount represents the net selling price.

An assessment is made at the consolidated statements of financial position date to determine whether there is any indication that an asset may be impaired, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists and when the carrying value of an asset exceeds its estimated recoverable amount, the asset or cash generating unit to which the asset belongs is written down to its recoverable amount.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged against operations in the year in which it arises. A previously recognized impairment loss is reversed only if there has been a change in estimate used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any accumulated depreciation and amortization for property and equipment) had no impairment loss been recognized for the asset in prior years. A reversal for impairment loss, if any, is credited to current operations.

Goodwill

Goodwill is tested annually for impairment at the end of each reporting period and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of CGU (or group of CGUs) is less than their carrying amount, an impairment loss is recognized immediately in profit or loss of the CGU (or group of CGUs) to which goodwill has been allocated. Impairment losses relating to goodwill cannot be reversed in future periods.

Provisions, Contingent Liabilities and Contingent Assets
Provisions are recognized when the Group has a present obligation, either legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. When the Group expects reimbursement of some or all of the expenditure required to settle a provision, the entity recognizes a separate asset for the reimbursement only when it is virtually certain that reimbursement will be received when the obligation is settled.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the consolidated statements of financial position date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities, if any, are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are disclosed only when an inflow of economic benefits is probable.

Share Capital
Share capital is measured at par value for all shares issued and fully paid.

The costs of acquiring Group's own shares are shown as a deduction from equity attributable to the Group's equity holders until the shares are cancelled or reissued. When such shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.

Deficit
Deficit include all current and prior period results as disclosed in the consolidated statements of comprehensive income.

Net unrealized gain on AFS financial assets
Other comprehensive income that are not recognized in profit or loss as required or permitted by other PFRSs.

Revenue and Cost Recognition
Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

Rent income is recognized on a straight-line basis over the lease term stipulated in the lease agreement.

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

Interest income includes both interest income subject to income tax and interest income already subjected to final withholding tax. Interest income already subjected to final withholding taxes were recorded net of tax.

Dividend income is recognized when the Group's right to receive payment is established.

Gain or loss on sale of financial assets through FVPL, available-for-sale financials assets and held to maturity investments are computed on the difference between the proceeds and its carrying amount.

Retainer fee and transfer fee is recognized when the performance of contractually agreed task have been substantially rendered.

Exchange gains/losses arising from foreign currency denominated transactions are credited/charged to current operations.

Cost and administrative expenses are recognized in the consolidated statements of comprehensive income upon utilization of the service or in the date they are incurred. Finance costs are reported on an accrual basis.

Short-term Employee Benefits
These are benefits other than termination benefits that are expected to be settled wholly before twelve (12) months after the end of the annual reporting period in which the employees render the related service. Short-term benefits given by the Group to its employees include salaries and wages, social security, health insurance and housing contributions, short-term compensated absences, bonuses and other non-monetary benefits. The cost of short-term employee benefits is recognized as expense in the period when the economic benefit is given, except when such cost may be included within the cost of an asset.

Retirement Benefits
The Group is yet to provide for the estimated benefits required to be paid under Republic Act (RA) 7641 for its qualified employees taking into consideration among others, the current salary rates and the length of credited services rendered by the employees. There is no qualified employee for the retirement benefits as of the year.

Leases
The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date, and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after the inception of the lease only if one of the following applies:

a. there is a change in the contractual terms, other than a renewal or extension of the arrangement;

b. a renewal option is exercised or an extension granted, unless that term of the renewal or extension was initially included in the lease term;

c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or

d. there is a substantial change to the asset.

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

The Group as a Lessor
Assets subject to operating lease are recognized in the consolidated statements of financial position according to the nature of the assets.

The Group as a Lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are operating leases. Operating lease payments are recognized as an expense in the consolidated statements of comprehensive income on a straight-line basis over the lease term.

Functional Currency and Foreign Currency Translation
The financial statements are presented in Philippine peso, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the consolidated statements of financial position date. All differences are taken to the consolidated statements of comprehensive income.

Related Parties
A party is considered to be related to the Group if it has the ability, directly or indirectly through one or more intermediaries, to control, is controlled by, or is under common control with, the Group; or exercise significant influence over the Group in making financial and operating decisions; or has a joint control over the Group. It is also related to the Group if a party is an associate, a joint venture in which the Group is a venturer, a member of the key management personnel of the Group or its parent, a close member of the family of Group's related party, an entity controlled, jointly controlled or significantly influenced by a key management personnel the Group or close member of the family of Group's related party, and a post-employment benefit plan for the benefit of employees of the Group or its related party. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties.

Income Taxes

Current Income Tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the consolidated statements of financial position date.

Deferred Income Tax
Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the consolidated statements of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, including assets revaluations. Deferred income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable income will be available against which deductible temporary differences and carryforward of unused tax credits from MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

The carrying amount of deferred income tax assets is reviewed at each consolidated statements of financial position date and reduced to the extent that is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each consolidated statements of financial position date and are recognized to the extent that it has become probable that future taxable income will allow the deferred income tax to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the consolidated statements of financial position date.

Current income tax and deferred income tax relating to items recognized directly in equity is also recognized in equity and not in the consolidated statements of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and deferred income taxes related to the same taxable entity and the same taxation authority.

Value-added Tax
Revenues, expenses and assets are recognized net of the amount of value-added tax except:

- where the value-added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value-added tax is recognized as part of the cost of acquisition of asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of value-added tax included.

The net amount of value-added tax recoverable from or payable to the taxation authority is included as part of other assets or accounts payable and accrued expenses in the consolidated statements of financial position.

Earnings Per Share
Basic earnings per share is computed based on weighted average number of issued and outstanding common shares during each 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.

Events After the End of the Reporting Period
Post-year-end events that provide additional information about the Group's position at the consolidated statements of financial position date (adjusting events) are reflected in the consolidated financial statements. Post-year-end events that are not adjusting events are disclosed when material.

3. Critical Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires the Group to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the judgments assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates 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. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of Control
The Group determines control when it is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The Group controls an entity if and only if the Group has all of the following:

a. Power over the entity;
b. Exposure, or rights, to variable returns from its involvement with the entity; and,
c. The ability to use its power over the entity to affect the amount of the Group's returns.

The Group regularly reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The Group determined that it exercises control on its subsidiaries as it has all the elements of control listed above.

Determining Functional Currency
Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Group has been determined to be the Philippine peso. The Philippine peso is the currency of the primary economic environment in which the Group operates. It is the currency that mainly influences the revenues and expenses of the Group.

Classification of Financial Instruments
The Group exercises judgment in classifying financial instruments in accordance with PAS 39. The Group classifies a financial instrument, or its components, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the Group's consolidated statements of financial position.

Determining Fair Values of Financial Instruments
Where the fair values of financial assets and financial liabilities recorded on the consolidated statements of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The input to these models is taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility and correlation.

Classifying Held to Maturity Investments
The classification of financial assets to held to maturity investments requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity, it will be required to reclassify the entire portfolio as part of available-for-sale financial assets. The investments would be measured at fair value and not at amortized cost.

Operating Lease Commitments - Group as Lessor/Lessee
The Group has entered into various lease agreements either a lessor or a lessee. The Group had determined that it retains all the significant risks and rewards of ownership of the properties leased out on operating leases while the significant risks and rewards for properties leased from third parties are retained by the lessors.

Rent income recognized in the consolidated statements of comprehensive income amounted to P9,886,320 in September 30, 2014 (see Note 17).

Rent expense recognized in the consolidated statements of comprehensive income amounted to P1,021,433 and P706,983 in September 30, 2015 and 2014, respectively (see Note 18 and 19).

Estimates
The key estimates concerning the future and other key sources of estimation uncertainty as at consolidated statements of financial position date that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are as follows:

Impairment of Receivables
The Group reviews its receivables at each reporting date to assess whether an allowance for impairment should be recorded in the Group's consolidated statements of comprehensive income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

The level of this allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to age of balances, financial status of counterparties, payment behavior, legal opinion on recoverability in case of legal disputes and known market factors. The Group reviews the age and status of legal disputes and known market factors. The Group reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a regular basis.

In addition to specific allowance against individually significant receivables, the Group also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This level of allowance is based on the status of the receivable, past collection experience and other factors that may affect collectability.

The allowance is recognized by charges to the consolidated statements of comprehensive income in the form of provision for doubtful accounts.

The allowance for doubtful accounts amounted to P125,000,000 as of September 30, 2015 and 2014 and December 31, 2014 (see Note 7).

Receivables amounted to P209,937,646, P97,053,362 and P128,529,441 as of September 30, 2015 and 2014 and December 31, 2014, respectively (see Note 7).

Impairment of Available-for-sale Financial Assets

The Group treats available-for-sale financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. The Group treats "significant" generally as 20% or more and "prolonged" as greater than six months for quoted equity securities. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities.

Available-for-sale financial assets amounted to P291,404,708 as of September 30, 2015, P342,255,408 as of September 30, 2014 and P343,585,898 as of December 31, 2014 (see Note 9). There was no impairment loss recognized related to available-for-sale financial assets in September 30, 2015.

Estimated Useful Lives of Property and Equipment and Investment Properties

The Group estimates the useful lives of property and equipment and investment properties based on the period over which the property and equipment and investment properties are expected to be available for use. The estimated useful lives of the property and equipment and investment properties are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the property and equipment and investment properties. In addition, the estimation of the useful lives of property and equipment and investment properties are based on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

A reduction in the estimated useful lives of the property and equipment and investment properties would increase the recorded expenses and decrease the noncurrent assets.

Depreciation is computed on a straight-line method over the estimated useful lives of the assets as follows:

Furniture and fixtures	3 years
Office equipment	3 years
Office improvement	3-5 years
Transportation equipment	3-5 years
Condominium unit	25-40 years

The foregoing estimated useful lives and depreciation method are reviewed from time to time to ensure that these are consistent with the expected economic benefits of the property and equipment and investment properties.

The carrying values of property and equipment amounted to P144,525 as of September 30, 2015, P78,953 as of September 30, 2014 and P769,064 as of December 31, 2014 (see Note 10).

The carrying values of investment properties amounted to P113,365,770 as of September 30, 2015, P117,684,466 as of September 30, 2014 and P116,604,792 as of December 31, 2014 (see Note 11).

Impairment of Nonfinancial Assets
PFRS requires that an impairment review be performed when certain impairment indicators are present. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Determining the recoverable amount of other current assets, property and equipment, investment properties and input tax, requires the determination of future cash flcws expected to be generated from the continued use and ultimate disposal of such assets. Any resulting impairment loss could have a material adverse impact on the Group's financial position and financial performance.

The preparation of estimated future cash flows involves significant estimations and assumptions. While the Group believes that its assumptions are appropriate and reasonable, significant changes in the Group's assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

No impairment was recognized in September 30, 2015.

Impairment of Goodwill
Purchase accounting requires extensive use of accounting estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities at the acquisition date. It also requires the acquirer to recognize goodwill. The Group's business acquisitions have resulted in goodwill which is subject to a periodic impairment test. The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate to calculate the present value of those cash flows. There was no impairment loss in 2014.

The carrying values of goodwill amounted to P2,570,346 as of September 30, 2015 and December 31, 2014 (see Note 12).

Realizability of Deferred Tax Assets
Deferred tax assets are established for tax benefits related to deductible temporary differences, carryforward of unused MCIT and NOLCO. These assets are periodically reviewed for realization. Periodic reviews cover the nature and amount of deferred income and expense items, expected timing when assets will be used or liabilities will be required to be reported, reliability of historical profitability of businesses expected to provide future earnings and tax planning strategies which can be utilized to increase the likelihood that tax assets will be realized.

As of December 31, 2014, deferred tax assets amounted to P161,837 (see Note 21).

Provisions and Contingencies
The Group evaluates legal and administrative proceedings to which it is involved based on analysis of potential results. Management and its legal counsels do not believe that any current proceedings will have material adverse effects on its financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings.

No provisions have been recorded as of September 30, 2015.

4. Management of Capital and Financial Risk

Financial Risk
The Group's financial risk management policies seek to minimize potential adverse effects of financial risk such as credit risk, liquidity risk, interest rate risk and currency risk to its financial assets and liabilities.

The Group's principal financial instruments consists of cash and cash equivalents, short-term investments, receivables, available-for-sale financial assets, held to maturity investments, other assets, accounts payable and accruals, other payables and due to parent company which arise from operations.

Credit Risk
Credit risk is the risk that a third party will default on its obligation to the Group and cause the Group to incur financial loss. The Group's business policy aims to limit the amount of credit exposure to any individual client and financial institution. The Group has credit management policies in place to ensure that service contracts are entered into with clients who have sufficient financial capacity and good credit history.

The investment of the Group's cash resources is managed so as to minimize risk while seeking to enhance yield. The Group's holding of cash and exposure to credit risk of a counterparty if the counterparty is unwilling and is unable to fulfill its obligations and the Group consequently suffers financial loss. Credit risk management involves entering into financial transactions only with counterparties with acceptable credit rating. The treasury department sets aggregate credit limits of any one counterparty and annually reviews the exposure limits and credit ratings of the counterparties.

Receivable balance is being monitored on a regular basis to ensure timely execution of necessary intervention efforts.

The table below shows the maximum exposure to credit risk for the components of the Group consolidated statements of financial position:

	September 30, 2015	September 30, 2014	December 31, 2014
Cash and cash equivalents	**P267,517,498**	P273,553,740	P219,108,958
Short-term investments	**27,609,796**	104,128,613	104,128,613
Receivables	**300,937,646**	217,053,362	219,529,441
Financial assets at FVPL	**99,792**	–	162,788
Receivables - noncurrent	**34,000,000**	5,000,000	34,000,000
Available-for-sale financial assets	**291,404,708**	342,255,408	343,585,898
Other assets	**1,458,225**	1,458,225	8,977,200
	P923,027,665	P943,449,348	P929,492,898

The table below shows the analysis of age of financial assets that are past due but are not impaired as of September 30, 2015 and 2014 and December 31, 2014:

	September 30, 2015					
	Neither past due nor impaired	Past-due but not impaired			Past due and impaired	Total
		31 to 90 days	91 to 180 days	More than 180 days		
Cash and cash equivalents	P267,527,498	P–	P–	P–	P–	P267,527,498
Short-term investments	27,609,796	–	–	–	–	27,609,796
Receivables						
Notes	14,305,002	–	–	–	125,000,000	139,305,002
Trade	864,966	–	–	134,500	–	999,466
Due from parent company	13,392,671	5,000,000	34,518,974	51,430,976	–	104,342,621
Due from co-subsidiary	–	–	–	306,250	–	306,250
Due from other related party	–	–	10,771,539	19,395,543	–	30,167,082
Interest receivable - other related party	311,232	–	–	–	–	311,232
Interest receivable	621,135	–	–	–	–	621,135
Dividend receivable	106,375	–	–	–	–	106,375
Others	19,778,483	–	–	–	–	19,778,483
Financial assets at FVPL	99,792	–	–	–	–	99,792
Receivables - noncurrent	39,000,000	–	–	–	–	39,000,000
Available-for-sale financial assets	291,404,708	–	–	–	–	291,404,708
Other assets	–	–	–	1,458,225	–	1,458,225
	P675,021,658	P5,000,000	P45,290,513	P72,725,494	P125,000,000	P923,037,665

	September 30, 2014					
	Neither past due nor impaired	Past-due but not impaired			Past due and impaired	Total
		31 to 90 days	91 to 180 days	More than 180 days		
Cash and cash equivalents	P273,553,740	P–	P–	P–	P–	P273,553,740
Short-term investments	104,128,613	–	–	–	–	104,128,613
Receivables						
Notes	19,305,002	–	–	–	125,000,000	144,305,002
Trade	603,040	111,366	172,698	1,550,625	–	2,437,729
Due from parent company	48,963,895	–	–	–	–	48,963,895
Due from co-subsidiary	–	–	–	306,250	–	306,250
Interest receivable - other related party	277,622	–	–	–	–	277,622
Interest receivable	532,769	–	–	–	–	532,769
Dividend receivable	460,615	–	–	–	–	460,615
Others	25,000	49,776	581,821	19,112,883	–	19,769,480
Receivables - noncurrent	5,000,000	–	–	–	–	5,000,000
Available-for-sale financial assets	342,255,408	–	–	–	–	342,255,408
Other assets	–	–	–	1,458,225	–	1,458,225
	P795,105,704	P161,142	P–	P22,427,983	P125,000,000	P943,449,348

	December 31, 2014					
	Neither past due nor impaired	Past-due but not impaired			Past due and impaired	Total
		31 to 90 days	91 to 180 days	More than 180 days		
Cash and cash equivalents	P219,118,958	P–	P–	P–	P–	P219,118,958
Short-term investments	104,128,613	–	–	–	–	104,128,613
Receivables						
Notes receivable	14,305,002	–	–	–	125,000,000	139,305,002
Trade	834,089	26,900	107,600	–	–	968,589
Due from parent company	17,994,999	5,000,000	15,225,976	–	–	38,220,975
Due from co-subsidiary	–	–	–	306,250	–	306,250
Due from other related party	19,395,543	–	–	–	–	19,395,543
Interest receivable - other related party	362,840	–	–	–	–	362,840
Interest receivable	572,309	–	–	–	–	572,309
Dividend receivable	573,923	–	–	–	–	573,923
Others	19,824,010	–	–	–	–	19,824,010
Financial assets at FVPL	162,788	–	–	–	–	162,788
Receivables - noncurrent	34,000,000	–	–	–	–	34,000,000
Available-for-sale financial assets	343,585,898	–	–	–	–	343,585,898
Other assets	–	–	–	8,977,200	–	8,977,200
	P774,858,972	P5,026,900	P15,333,576	P9,283,450	P125,000,000	P929,502,898

The Company did not have any significant concentration of credit risk with a single counterparty or group of counterparties and industry segments as of September 30, 2015 and 2014 and December 31, 2014.

Fair Value Interest Rate Risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

In managing interest rate, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. The exposure of the Group to this risk as of the consolidated statements of financial position date is minimal.

Liquidity Risk

Liquidity risk is risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. Treasury controls and proceaures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and set up required cash reserves as necessary in accordance with internal requirements.

The table below analyzes the financial assets and financial liabilities of the Group into their relevant maturity groups based on the remaining period at the consolidated statements of financial position dates to their contractual maturities or expected repayment dates:

As of September 30, 2015	Up to a year	1-3 years	3-5 years	Over 5 years	No term	Total
Financial assets:						
Cash and cash equivalents	P267,527,498	P–	P–	P–	P–	P267,527,498
Short-term investments	27,609,796	–	–	–	–	27,609,796
Receivables						
Notes	14,305,002	–	–	–	–	14,305,002
Trade	999,466	–	–	–	–	999,466
Due from parent company	104,342,621	–	–	–	–	104,342,621
Due from co-subsidiary	306,250	–	–	–	–	306,250
Due from other related party	30,167,082	–	–	–	–	30,167,082
Interest receivable - other related party	311,232	–	–	–	–	311,232
Interest receivable	621,135	–	–	–	–	621,135
Dividend receivable	106,375	–	–	–	–	106,375
Others	19,778,483	–	–	–	–	19,778,483
Financial assets at FVPL	99,792	–	–	–	–	99,792
Receivables - noncurrent	–	–	5,000,000	34,000,000	–	39,000,000
Available-for-sale	–	–	22,355,584	51,342,855	217,706,269	291,404,708
Other assets	1,458,225	–	–	–	–	1,458,225
	P467,632,957	P0	P27,355,584	P85,342,855	P217,706,269	P798,037,665

As of September 30, 2015	Up to a year	1-3 years	3-5 years	Over 5 years	No term	Total
Financial liabilities:						
Accounts payable and accruals	P259,782	P–	P–	P–	P–	P259,782
Other payables	1,237,874	–	–	–	–	1,237,874
	P1,497,656	P–	P–	P–	P–	P1,497,656

As of September 30, 2014	Up to a year	1-3 years	3-5 years	Over 5 years	No term	Total
Financial assets:						
Cash and cash equivalents	P273,563,740	P–	P–	P–	P–	P273,563,740
Short-term investments	104,128,613	–	–	–	–	104,128,613
Receivables						
Notes	19,305,002	–	–	–	–	19,305,002
Trade	2,437,729	–	–	–	–	2,437,729
Due from parent company	48,963,895	–	–	–	–	48,963,895
Due from co-subsidiary	306,250	–	–	–	–	306,250
Interest receivable - other related party	277,622	–	–	–	–	277,622
Interest receivable	532,769	–	–	–	–	532,769
Dividend receivable	460,615	–	–	–	–	460,615
Others	19,769,480	–	–	–	–	19,769,480
Receivables - noncurrent	–	–	–	5,000,000	–	5,000,000
Available-for-sale	–	–	67,538,598	36,060,954	238,655,856	342,255,408
Other assets	1,458,225	–	–	–	–	1,458,225
	P471,203,940	P0	P67,538,598	P41,060,954	P238,655,856	P818,459,348

As of September 30, 2014	Up to a year	1-3 years	3-5 years	Over 5 years	No term	Total
Financial liabilities:						
Accounts payable and accruals	P4,839,647	P–	P–	P–	P–	P4,839,647
Other payables	1,262,874	–	–	–	–	1,262,874
	P6,102,521	P–	P–	P–	P–	P6,102,521

As of December 31, 2014	Up to a year	1-3 years	3-5 years	Over 5 years	No term	Total
Financial assets:						
Cash and cash equivalents	P219,118,958	P–	P–	P–	P–	P219,118,958
Short-term investments	104,128,613	–	–	–	–	104,128,613
Receivables						
Notes	14,305,002	–	–	–	–	14,305,002
Trade	968,589	–	–	–	–	968,589
Due from parent company	38,220,975	–	–	–	–	38,220,975
Due from co-subsidiary	306,250	–	–	–	–	306,250
Due from other related party	19,395,543	–	–	–	–	19,395,543
Interest receivable - other related party	362,840	–	–	–	–	362,840
Interest receivable	572,309	–	–	–	–	572,309
Dividend receivable	573,923	–	–	–	–	573,923
Others	19,824,010	–	–	–	–	19,824,010
Financial assets at FVPL	162,788	–	–	–	–	162,788
Receivables - noncurrent	–	–	–	34,000,000.00	–	34,000,000
Available-for-sale	10,000,000.00	15,121,877.00	51,065,992	36,524,340	230,873,689	343,585,898
Other assets	8,977,200	–	–	–	–	8,977,200
	P436,917,000	P15,121,877	P51,065,992	P70,524,340	P230,873,689	P804,502,898

As of December 31, 2014	Up to a year	1-3 years	3-5 years	Over 5 years	No term	Total
Financial liabilities:						
Accounts payable and accruals	P606,513	P–	P–	P–	P–	P606,513
Other payables	1,237,874	–	–	–	–	1,237,874
	P1,844,387	P–	P–	P–	P–	P1,844,387

Foreign Currency Risk

The Group's exposure to foreign currency risk results from its business transactions and financing arrangements denominated in foreign currency. Foreign currency risks on US dollar currencies (for the dollar time deposits) are managed through constant monitoring of the political and economic environment.

Information on the Group's foreign currency-denominated monetary assets and their Philippine Peso equivalents are as follows:

	September 30, 2015		September 30, 2014		December 31, 2014	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
Cash in bank	**$482**	**P22,603**	$482	P21,659	$482	P21,491

With the translation of this foreign currency-denominated assets, the Group reported net foreign exchange gain amounting to P1,112 and P266 in September, 2015 and 2014, respectively (see Note 20). These resulted from the movements of the Philippine peso against the US dollar as shown in the following table:

	Peso to US Dollar
September 30, 2015	46.9260
September 30, 2014	44.9660
December 31, 2014	44.4140

Capital Management Policies

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders by ensuring efficient allocation of its financial resources and optimizing its equity balance.

The Group considers the following as capital:

	September 30, 2015	September 30, 2014	December 31, 2014
Share capital	**P996,391,254**	P996,391,254	P996,391,254
Deficit	**(99,279,071)**	(104,306,444)	(100,738,986)
	P897,112,183	P892,084,810	P895,652,268

The Group sets strategies in response to both changes in economic conditions in general and the industry in which the Group belongs and internal factors. No changes were made in the objectives, policies and processes during the years 2015 and 2014.

Financial Assets and Financial Liabilities

The carrying amounts and estimated fair values of the Company's financial assets and financial liabilities as of September 30, 2015 and 2014 and December 31, 2014 are presented below:

	September 30, 2015		September 30, 2014		December 31, 2014	
	Carrying amounts	**Fair values**	Carrying amounts	Fair values	Carrying amounts	Fair values
Financial assets:						
Cash and cash equivalents	**P267,527,498**	**P267,527,498**	P273,563,740	P273,563,740	P219,118,958	P219,118,958
Short-term investments	**27,609,796**	**27,609,796**	104,128,613	104,128,613	104,128,613	104,128,613
Receivables	**170,937,646**	**170,937,646**	92,053,362	92,053,362	94,529,441	94,529,441
Financial assets at FVPL	**99,792**	**99,792**	–	–	162,788	162,788
Receivables - noncurrent	**39,000,000**	**39,000,000**	5,000,000	5,000,000	34,000,000	34,000,000
Available-for-sale	**291,404,708**	**291,404,708**	342,255,408	342,255,408	343,585,898	343,585,898
Other assets	**1,458,225**	**1,458,225**	1,458,225	1,458,225	8,977,200	8,977,200
	P798,037,665	**P798,037,665**	P818,459,348	P818,459,348	P804,502,898	P804,502,898
Financial liabilities:						
Accounts payable and accruals	**P259,782**	**P259,782**	P4,839,647	P4,839,647	P606,513	P606,513
Other payables	**1,237,874**	**1,237,874**	1,262,874	1,262,874	1,237,874	1,237,874
	P1,497,656	**P1,497,656**	P6,102,521	P6,102,521	P1,844,387	P1,844,387

Assumption used to estimate fair values

The carrying amounts of cash and cash equivalents, short-term investments, receivables, accounts payable and accruals, due to parent company and other payables approximate their fair values due to the short-term maturities of the financial instruments.

The fair values of financial assets at FVPL and available-for-sale financial assets that are publicly traded instruments are determined by reference to quoted market prices as at the end of each reporting period. Investments in unquoted equity securities are carried at cost, net of any impairment value.

Fair values of receivable - non current, held to maturity investments and other assets under time deposits with BPI and cash in bank with RCBC, are computed using the discounted cash flow method.

Fair Value Hierarchy

The Group uses the following hierarchy for determining the fair value of financial assets and liabilities:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - Inputs are unobservable inputs for the asset or liability

As at September 30, 2015 and December 31, 2014, the fair value of financial assets at FVPL and available-for-sale financial assets amounting to P290,779,500 and P343,023,686, respectively, are determined using quoted (unadjusted) market prices in active markets for identical assets (Level 1).

As at September 30, 2015 and December 31, 2014, the Group does not have financial instruments whose fair values are determined using inputs other than quoted prices that are either directly or indirectly observable for the assets or liabilities (Level 2) and financial instruments whose fair values are determined using inputs that are not based on observable market data (Level 3).

There were no reclassifications made between the different fair value hierarchy levels in September 30, 2015 and December 31, 2014.

5. Cash and Cash Equivalents

This account consists of:

	September 30, 2015	September 30, 2014	December 31, 2014
Cash on hand and in banks	**P17,259,850**	P14,198,230	P37,955,935
Money market placements	**250,267,648**	259,365,510	181,163,023
	P267,527,498	P273,563,740	P219,118,958

Cash in banks earn interest at the prevailing bank deposit rates. The special savings and time deposits are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earns interest at the prevailing special savings and time deposits rates. Due to the short-term nature of such transactions, the carrying value approximates the fair value of the special savings and time deposits. Interest income earned from cash in banks and short-term bank deposits amounted to P1,444,484 and P859,677 for the quarters ended September 30, 2015 and 2014, respectively.

Time deposits representing the Peso and US dollar denominated placements with the Bank of Philippines Islands (BPI) valued at about P71.2 million were reclassified to "Other Assets" in 2007 as the bank had "put on hold" this account pending the resolution of a case filed by the Parent Company against the bank (see also Note 13).

6. Short-term Investments

This account pertains to time deposits with term of more than three months to one year, amounting to P27,200,000, P104,128,613 and P104,128,613 as of September 30, 2015 and 2014 and December 31, 2014, respectively, and earns interest at the prevailing time deposits rates. Such time deposits are intended to meet short-term cash requirements and may be preterminated anytime by the Group.

Interest income earned from short-term investments amounted to P492,081 and P496,065 for the quarters ended September 30, 2015 and 2014, respectively.

7. Receivables

This account consists of:

	September 30, 2015	September 30, 2014	December 31, 2014
Notes	**P173,305,002**	P149,305,002	P173,305,002
Loans	**5,000,000**	–	–
Less noncurrent amount	**(39,000,000)**	(5,000,000)	(34,000,000)
Current amount	**139,305,002**	144,305,002	139,305,002
Less allowance for doubtful accounts	**(125,000,000)**	(125,000,000)	(125,000,000)
Net	**14,305,002**	19,305,002	14,305,002
Trade	**999,466**	2,437,729	968,589
Due from parent company (Note 24)	**104,342,621**	48,963,895	38,220,975
Due from co-subsidiary (Note 24)	**306,250**	306,250	306,250
Due from other related party (Note 24)	**30,167,082**	–	19,395,543
Interest receivable - other related party (Note 24)	**311,232**	277,622	362,840
Interest receivable	**621,135**	532,769	572,309
Dividend receivable	**106,375**	460,615	573,923
Others	**19,778,483**	19,769,480	19,824,010
	P170,937,646	P92,053,362	P94,529,441

Principal amount of notes receivable are as follows:

Maker	Value Date	Term	Rate	**Cost**
Antonio Araneta				**P125,000,000**
Montemar Beach Club Inc. (Note 24)	13-Sep-14	one year	7.00%	**6,000,000**
Montemar Beach Club Inc. (Note 24)	22-Oct-14	one year	7.00%	**4,000,000**
Montemar Beach Club Inc. (Note 24)	19-Dec-14	one year	7.00%	**4,305,002**
Metrobank Card Corporation	20-Dec-13	ten years	6.21%	**5,000,000**
BDO Unibank	10-Dec-14	3743 days	5.19%	**9,000,000**
BDO Unibank	10-Dec-14	1917 days	5.19%	**10,000,000**
Unionbank of the Philippines	20-Nov-14	3745 days	5.38%	**10,000,000**
				P173,305,002

Principal amount of loans receivable are as follows:

Maker	Value Date	Term	Rate	**Cost**
Metrobank Card Corporation	21-Jan-15	1097 days	3.98%	**P5,000,000**

In August 2000, the Parent Company, by approval of the Executive Committee (ExCom) of the Board of Directors, granted a P125,000,000 unsecured loan to Mr. Antonio Araneta, the first cousin of the Chairman of the Board and ExCom member Benito Araneta. The obligation, which was backed by a Promissory Note (PN), was jointly and severally guaranteed by Antonio Araneta's company, Ansear Realty and Development Corp. (Ansear). The PN carried an interest of 9% per annum, compounded monthly, and was payable within one year without need of any demand. The PN stipulated that in the event of default, both Antonio Araneta and Ansear "shall jointly and severally pay penalty interest to the holder" of 12% per annum, compounded monthly, in addition to the 9% interest. Pursuant to a Memorandum of Agreement dated August 17, 2000 between Mr. Araneta and Philippine Communications Satellite Corporation, in case of default after the first anniversary of the loan, the Parent Company had the irrevocable option to either collect on the PN or be paid with the shares that Ansear may have by virtue of the "proposed Merger with Philcomsat", which did not materialize. Hence, the Parent Company is entitled to collect on the PN including interest of 9% per annum, compounded monthly, in addition to the stipulated penalty of 12% per annum, compounded monthly, as the matter of collection on the Note is not related to the Memorandum of Agreement between Ansear and Philcomsat.

On due date, Mr. Araneta failed to pay principal and accrued interests. As a result of such non payment, the Parent Company continued accruing the 9% interest due that accumulated to P78,053,383 as of December 31, 2005. In 2006, the Parent Company provided full valuation allowance on the principal amounting to P125,000,000 and the related accrued but unpaid interest of P78,053,383 as of December 31, 2005. Total provision for probable losses charged to operations related to this account in 2006 amounted to P203,053,383. However, this amount excludes the additional 12% penalty interest per annum, compounded monthly per PN. The total amount due as of year end 2013 is P2.006 Billion, inclusive of principal, interest and penalty.

In 2008, the Parent Company provided full valuation allowance on the principal amount and the related accrued interest written-off, excluding the 12% penalty, since management believes that it will be difficult and will take a long-time to recover the account.

On July 29, 2010, the Parent Company filed a complaint against Ansear and Mr. Araneta for a collection of sum of money, with prayer for preliminary attachment, which the Court granted on August 27, 2010. The case is now on trial. The Company had already terminated its presentation of evidence. The presentation of defense's evidence is on-going.

Trade receivables are unsecured and non-interest bearing and are generally on a 30-day term.

Other receivables consist mainly of cash advances made by the Group in filing various cases.

8. Other Current Assets

This account consists of:

	September 30, 2015	September 30, 2014	December 31, 2014
Prepayments	**P25,401**	P1,036,878	P754,094
Creditable withholding tax	**2,490,715**	2,571,700	2,711,540
	P2,516,116	P3,608,578	P3,465,634

9. Available-for-sale Financial Assets

Available-for-sale financial assets (AFS) quoted at market price consist of:

	September 30, 2015	September 30, 2014	December 31, 2014
Philam Strategic Growth Fund	**P55,705,252**	P60,530,082	P59,683,253
Sun Life Prosperity Balanced Fund	**42,530,906**	60,235,279	60,259,309
Retail Treasury Bonds	**20,355,584**	21,142,960	20,795,992
UITF Peso Bond Fund	**18,867,049**	53,349,657	34,929,573
Sun Life Prosperity Philippine Equity Fund	**14,838,783**	15,933,240	15,856,450
BDO AFS 84-3-139-0360	**11,472,630**	–	–
EWB UITF Peso Bond	**13,208,697**	12,981,564	13,056,076
Meralco Bonds	**9,990,473**	9,482,616	9,654,462
Philam Bond Fund	**9,343,748**	9,084,122	9,282,130
Sun Life Prosperity GS Fund	**9,339,371**	9,077,294	9,254,830
BDO AFS 84-3-139-0004	**7,047,252**	–	5,202,052
Ayala Land Inc. Bonds	**6,017,482**	1,909,406	1,938,953
Ayala Corp Preferred Shares	**5,400,000**	–	5,040,000
SMC Preferred Shares	**5,150,000**	–	–
San Miguel Corp 2D	**5,078,950**	–	–
ABS-CBN Bonds	**5,064,274**	4,544,920	4,628,528
AEV 2020 Bonds	**5,013,376**	–	–
Sun Life Prosperity Dynamic Fund	**4,970,060**	5,287,639	5,348,054
AEV 2020 Bonds	**4,763,118**	4,626,384	4,683,086
Aboitiz Bonds	**4,205,969**	4,170,000	4,170,000
Ayala Land Inc. Shares	**3,400,000**	–	–
BDO Unibank, Inc. Shares	**2,587,500**	–	–
GTCAP Bonds	**2,519,777**	2,428,195	2,474,635
SLTC Bonds	**2,455,323**	–	–
SLTC Bonds	**2,158,892**	–	–
SM Prime Holdings, Inc. Shares	**2,065,000**	–	–
JG Summit Bonds	**2,051,047**	2,002,164	2,015,484
PLDT Bonds	**2,044,402**	1,966,985	1,980,824
AEVPM Bonds	**2,000,000**	–	–
Ayala Corp. Preferred Shares	**1,996,560**	1,898,800	1,883,760
Filinvest Land Inc. Bonds	**1,981,442**	1,981,442	1,981,442
SMC Preferred Shares	**1,917,377**	–	–
First Gen Corp. Preferred Shares	**1,209,176**	1,161,060	1,100,392
SM Investment Corp. Bonds	**1,054,882**	1,011,884	1,029,572
MNTC 2021 Bonds	**1,016,635**	985,113	985,638
Filinvest Bonds	**1,005,763**	951,845	981,716
Petron Preferred Shares	**540,000**	733,845	510,000
Montemar Beach Club, Inc.	**375,000**	–	375,000
Makati Sports Club, Inc.	**350,000**	350,000	350,000
Intl Cont Terminal Serv Inc Shares	**312,958**	–	–
SMC Purefood Preferred Shares	–	31,050,000	30,270,000
PSALM Bonds	–	15,345,638	15,121,877
SMC Preferred Shares	–	8,033,274	8,006,796
Meralco Bonds	–	–	10,000,000
Petron Corp. Preferred Shares	–	–	736,014
	P291,404,708	P342,255,408	P343,585,898

Interest earned from these investments amounted to P814,330 and P1,154,235 for the quarters ended September 30, 2015 and 2014, respectively.

Dividend earned from these investments amounted to P487,792 and P763,571 for the quarters ended September 30, 2015 and 2014, respectively.

Available-for-sale financial assets sold amounted to P99,972,978 in September 30, 2015.

Presented below are the movements in the net changes in fair values of AFS financial assets:

	September 30, 2015	September 30, 2014	December 31, 2014
Balance at beginning of year	**P13,008,240**	P9,736,631	P9,736,631
Fair value changes during the year recognized in other comprehensive income	**(4,705,705)**	15,093,224	14,663,231
Reversal of fair value changes of AFS sold	**(7,251,143)**	(95,768)	(11,391,622)
	P1,051,392	P24,734,087	P13,008,240

10. Property and Equipment

This account consists of:

	December 31, 2014	Additions	Disposals	**September 30, 2015**
Cost				
Furniture and fixtures	P3,528,775	P–	P–	**P3,528,775**
Transportation equipment	4,950,745	–	–	**4,950,745**
Office equipment	937,569	–	–	**937,569**
Condominium unit	1,205,078	–	1,205,078	**–**
Office improvement	39,325	–	–	**39,325**
	10,661,492	–	1,205,078	**9,456,414**
Less accumulated depreciation				
Furniture and fixtures	3,528,766	–	–	**3,528,766**
Transportation equipment	4,904,185	8,730	–	**4,912,915**
Office equipment	769,410	61,473	–	**830,883**
Condominium unit	650,742	28,119	678,861	**–**
Office improvement	39,325	–	–	**39,325**
	9,892,428	98,322	678,861	**9,311,889**
	P769,064			**P144,525**

	December 31, 2013	Additions	Disposals	September 30, 2014
Cost				
Furniture and fixtures	P3,486,626	P–	P–	P3,486,626
Transportation equipment	4,892,545	58,200	–	4,950,745
Office equipment	247,715	18,884	–	266,599
	8,626,886	77,084	–	8,703,970

Forward

Less accumulated depreciation				
Furniture and fixtures	3,486,626	–	–	3,486,626
Transportation equipment	4,892,545	8,730	–	4,901,275
Office equipment	229,803	7,313	–	237,116
	8,608,974	16,043	–	8,625,017
	P17,912			P78,953

	December 31, 2013	Additions	Disposals	December 31, 2014
Cost				
Furniture and fixtures	P3,486,626	P42,149	P–	P3,528,775
Transportation equipment	4,892,545	58,200	–	4,950,745
Office equipment	247,715	689,854	–	937,569
Condominium unit	–	1,205,078	–	1,205,078
Office improvement	–	39,325	–	39,325
	8,626,886	2,034,606	–	10,661,492
Less accumulated depreciation				
Furniture and fixtures	3,486,626	42,140	–	3,528,766
Transportation equipment	4,892,545	11,640	–	4,904,185
Office equipment	229,803	539,607	–	769,410
Condominium unit	–	650,742	–	650,742
Office improvement	–	39,325	–	39,325
	8,608,974	1,283,454	–	9,892,428
	P17,912			P769,064

Depreciation amounting to P33,814 were charged to Cost of Service in the Consolidated Statements of Comprehensive Income for the quarters ended September 30, 2015 (see Note 18).

Depreciation amounting to P6,746 and P5,697 were included in General and Administrative Costs in the Consolidated Statements of Comprehensive Income for the quarters ended September 30, 2015 and 2014, respectively (see Note 19).

All fully depreciated property and equipment amounting to P8,647,541 in September 30, 2015 and P8,599,734 in September 30 and December 31, 2014, are still in use and not retired from active use.

No impairment loss was recognized for the quarters ended September 30, 2015 and 2014.

11. Investment Properties

Movements of the Group's investment properties are as follows:

	December 31, 2014	Additions	Disposals	**September 30, 2015**
Cost	P164,772,000	P–	P–	**P164,772,000**
Less accumulated depreciation	48,167,208	3,239,022	–	**51,406,230**
	P116,604,792			**P113,365,770**

	December 31, 2013	Additions	Disposals	September 30, 2014
Cost	P164,772,000	P–	P–	P164,772,000
Less accumulated depreciation	43,848,512	3,239,022	–	47,087,534
	P120,923,488			P117,684,466

	December 31, 2013	Additions	Disposals	December 31, 2014
Cost	P164,772,000	P–	P–	P164,772,000
Less accumulated depreciation	43,848,512	4,318,696	–	48,167,208
	P120,923,488			P116,604,792

Investment properties consist of various real estate properties assigned to the Group by Philcomsat, in payment of the latter's unpaid subscriptions to the Group's capital stock. These real estate properties are recorded in the books at their appraised values of P405,141,000 as determined by an independent appraiser in 1995.

Certain assigned properties amounting to approximately P211.2 million was covered by Republic Act No. 6657, otherwise known as Comprehensive Agrarian Reform Law (CARL). Philcomsat has filed a protest against CARL for the coverage of its landholdings. In view of the pending protest, the Board of Directors approved on August 12, 1999 Philcomsat's proposal for substitution of the assigned assets. On January 14, 2000, a Deed of Assignment was made and executed between the Parent Company and Philcomsat for the substitution of the assigned properties. The fair market values of the substituted assigned properties, as determined by an independent appraiser in 1997, amounted to P424,035,000. The excess of fair market values of the substituted properties over the fair market values of the properties previously assigned amounting to P18,894,000 is shown in the consolidated statements of financial position as "Deposit for future subscription" for the account of Philcomsat.

The condominium unit is being leased out to third parties. Rent income derived from the rental of condominium unit amounted to P3,295,440 for the quarter ended September 30, 2014. Expenses paid for the condominium units that are being leased out amounted to P814,672 and P344,094 for the quarters ended September 30, 2015 and 2014, respectively, which represents real property tax, insurance, repairs and maintenance and dues and subscription.

Depreciation amounting to P1,079,674 was charged to Cost of Service in the Statements of Comprehensive Income for the quarters ended September 30, 2015 and 2014 (see Note 18).

No impairment loss was recognized for the quarters ended September 30, 2015 and 2014.

Fair value as of March 18, 2013 amounted to P167,364,000 based on the valuation of independent appraisers using sales comparison approach. The valuation undertaken considered the sales of similar or substitute properties and related market data and established estimated value by processes involving comparison.

12. Goodwill

On June 30, 2014, PHC, through its subsidiary PMEI, obtained control of PSTI, a stock transfer agency by acquiring 70.56 percent of the shares and voting interest in the company for a total cash consideration of P4,305,001.

Cash	P284,827
Receivables	1,491,179
Financial assets at FVPL	162,788
Prepaid expenses	225,846
Property and equipment	741,126
Deferred tax asset	161,837
Trade and other payables	(199,943)
Deferred tax liability	(409,249)
	P2,458,411

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

Total consideration transferred	P4,305,001
Noncontrolling interests, based on their proportionate interest in the recognized amounts of the asset and liabilities of PSTI	723,756
Fair value of identifiable assets	(2,458,411)
	P2,570,346

13. Other Assets

This account consists of:

	September 30, 2015	September 30, 2014	December 31, 2014
Time deposits with BPI	**P1,458,225**	P1,458,225	P1,458,225
Cash in bank with RCBC	**–**	–	7,518,975
Input tax	**3,476,125**	2,739,525	3,052,831
	P4,934,350	P4,197,750	P12,030,031

Time Deposits with BPI
Included in this account are the peso and US dollar time deposits with Bank of the Philippine Islands (BPI) which were frozen on December 13, 2007 upon the issuance of a writ of preliminary injunction against BPI by the RTC Branch 62 of Makati, pursuant to Civil Case No. 07 840, filed by the current officers of the Company against the bank. In August 19, 2008, BPI filed an interpleader case with respect to the said PHC accounts in BPI, but only after allowing substantial disbursements in the approximate amount of P102M, in favor or upon the authority of the former officers and directors of the Company, despite several notices to BPI that these directors' and officers' election in 2004 had been invalidated by the RTC of Makati in October 2006, in an election protest case that was brought by the predecessors of the current Board of Directors.

On September 24, 2013, the RTC of Makati, Branch 62, issued a Decision in Civil Case No. 08-649, declaring the Bildner Group as the legitimate and duly constituted Board of Directors of PHC entitled to the remaining time deposits and current accounts with BPI. Interpleader defendant Concepcion Poblador file a Notice of Appeal on October 18, 2013.

On September 25, 2013, the RTC of Makati, Branch 62, issued a Decision in a Civil Case No. 07-840, ordering the defendant BPI to pay PHC the amount of P102M as and by way of actual damages. BPI filed a Notice of Appeal on October 4, 2013. BPI and the PHC Bildner Group entered into a Compromise Agreement whereby PHC was paid most of its claims and BPI agreed to withdraw its Notice of Appeal. The court deemed the Notice of Appeal withdrawn on December 12, 2013. The case is now closed and terminated.

Due to continuously weakening of the US dollar, the Parent Company expressed the concern to BPI for a conversion of its dollar deposits to Philippine peso through a letter dated March 29, 2011. In a letter response dated April 11, 2011, BPI recommended that the Parent Company should secure the necessary Court order for that purpose. The Court granted the conversion of the dollar deposits to Philippine peso on June 17, 2011.

On April 22, 2014, the Bildner Group filed a Manifestation and Motion requesting the Court of Appeals to dispense with the filing of Appellant's and Appellee's Brief in view of the Supreme Court Decision in G. R. Nos. 184622, 184712-14, 186066 and 186590 finally declaring the Bildner Group as the valid board in PHC. On July 8, 2015, the Court of Appeals issued a decision dismissing the appeal for being moot and academic.

On July 4, 2014, the Bildner Group executed an "Indemnity, Release, Waiver and Quitclaim" whereby BPI allowed the Bildner Group to operate and transact the PHC accounts maintained with BPI, pending the appeal of Poblador Group in the interpleader case.

The time deposit at BPI is a short-term investment with an initial period of 35 days earning an interest rate of 2.5% p.a. This is subject to automatic renewal and interest rate resetting by BPI upon maturity. Interest income earned from time deposits on BPI amounted to P5,216,988 in 2014.

Cash in Bank with RCBC
This involves an interpleader case filed by Rizal Commercial Banking Corporation (RCBC) on February 15, 2008 against the two contending boards of Philcomsat Holdings Corporation (PHC) claiming for the latter company's deposit account. The account was opened with RCBC in May 2001.

The Regional Trial Court of Makati, Branch 149, issued a Resolution dated October 13, 2008, which held that it has no jurisdiction to hear the case. This led to an appeal filed by RCBC dated February 13, 2009 to the Court of Appeals (CA). On Oct 24, 2013, the CA, finding the issue relative to the interpleader moot and academic by reason of the final decision issued by the Supreme Court (SC) in SC GR Nos. 184622, 184712-14, 186066 and 186590 holding the Bildner group as the valid board of directors of PHC, dismissed the appeal. In effect, the CA found the Bildner group as the valid PHC board entitled to the accounts deposited with RCBC. On Nov 28, 2014, the Poblador group appealed the CA Decision to the SC via petition for review, which was denied with finality in a Resolution dated January 21, 2015. The bank finally released the deposit to the Bildner group on May 21, 2015.

14. Accounts Payable and Accruals

This account consists of:

	September 30, 2015	September 30, 2014	December 31, 2014
Accounts payable - trade	**P–**	P2,351,564	P184,533
Accrued expenses	**259,782**	2,427,214	420,000
Accounts payable - others	**–**	60,869	1,980
	P259,782	P4,839,647	P606,513

The accrued expenses includes accrual of professional fees.

15. Other Payables

This account consists of:

	September 30, 2015	September 30, 2014	December 31, 2014
Deposit (Note 22)	**P1,098,480**	P1,098,480	P1,098,480
Withholding tax payable	**250,606**	740,456	556,344
Subscribers' deposit	**139,394**	139,394	139,394
SSS/PHIC/HDMF payable	**6,985**	10,201	5,993
Advances from officers and employees	**–**	25,000	–
Documentary stamp tax payable	**–**	4,795	–
	P1,495,465	P2,018,326	P1,800,211

16. Share Capital

This account consists of:

	September 30, 2015	September 30, 2014	December 31, 2014
Authorized share capital 1,000,000,000 common shares at P1 par value	**P1,000,000,000**	P1,000,000,000	P1,000,000,000
Issued and outstanding 996,391,254 common shares at P1 par value	**P996,391,254**	P996,391,254	P996,391,254

Track record of registration:

Date	Number of Shares Licensed	Issue/Office Price
November 28, 1958	60,000,000	P1

There are 60,000,000 listed shares. The number of holders of listed shares is approximately 1,173 as of June 30, 2015. The number of holders of listed shares was, however, not included in the documents turned-over by the former stock transfer agent.

17. Revenue

This account consists of:

	From July 1 to September 30, 2015	From July 1 to September 30, 2014
Interest income not subjected to final tax (Note 24)	**P4,177,487**	–
Gain on sale of available-for-sale financial assets	**3,190,254**	P–
Interest income subjected to final tax	**3,400,126**	3,105,406
Retainer fee	**838,946**	–
Gain on sale of condominium unit	**673,783**	–
Dividend income	**488,743**	763,571
Transfer fee	**46,333**	–
Gain on sale of financial assets through FVPL	**241**	–
Rent income (Note 23)	–	3,295,440
Miscellaneous	**2,656,376**	161,400
	P15,472,289	P7,325,817

	From January 1 to September 30, 2015	From January 1 to September 30, 2014
Interest income subjected to final tax (Note 24)	**P8,961,109**	P13,009,239
Gain on sale of available-for-sale financial assets	**5,723,471**	–
Interest income not subjected to final tax (Note 24)	**4,534,172**	–
Retainer fee	**2,535,125**	–
Dividend income	**1,577,421**	2,349,556
Gain on sale of condominium unit	**673,783**	–
Transfer fee	**110,110**	–
Gain on sale of financial assets through FVPL	**241**	–
Rent income (Note 22)	–	9,886,320
Miscellaneous	**3,126,202**	484,200
	P27,241,634	P25,729,315

18. Cost of Service

This account consists of:

	From July 1 to September 30, 2015	From July 1 to September 30, 2014
Depreciation (Notes 10 and 11)	**P1,113,489**	P1,079,674
Salaries and other benefits	**338,641**	–
Rental (Note 22)	**167,941**	–
Transportation	**70,733**	–
Communication	**22,951**	–
Light and water	**7,988**	–
Repairs and maintenance	**5,316**	–
	P1,727,059	P1,079,674

	From January 1 to September 30, 2015	From January 1 to September 30, 2014
Depreciation (Notes 10 and 11)	**P3,317,105**	P3,239,022
Salaries and other benefits	**1,059,392**	–
Rental (Note 22)	**279,101**	–
Transportation	**159,511**	–
Communication	**83,967**	–
Light and water	**30,316**	–
Repairs and maintenance	**5,316**	–
	P4,934,708	P3,239,022

19. General and Administrative Costs

This account consists of:

	From July 1 to September 30, 2015	From July 1 to September 30, 2014
Professional fees	**P2,126,135**	P1,871,327
Director's fee (Note 25)	**1,695,000**	1,695,000
Dues and subscription	**630,852**	102,150
Insurance	**518,494**	344,941
Legal fee	**384,994**	15,464
Rental (Note 23)	**247,444**	235,661
Taxes and licenses	**153,265**	5,655,986
Repairs and maintenance	**121,911**	131,319
Stationery, print and office supplies	**85,789**	18,027
Representation and entertainment	**61,244**	108,826
Communication, light and water	**32,844**	38,679
Travel and transportation	**20,137**	28,648
Depreciation (Note 11)	**6,746**	5,697
Seminar and training	–	52,551
Miscellaneous	**61,881**	3,390
	P6,146,736	P10,307,666

	From January 1 to September 30, 2015	From January 1 to September 30, 2014
Professional fees	**P6,898,897**	P5,469,931
Director's fee (Note 24)	**5,085,000**	5,070,000
Dues and subscription (Note 24)	**2,142,639**	300,450
Legal fee	**1,500,466**	457,802
Taxes and licenses	**1,202,689**	6,502,456
Insurance	**1,208,913**	1,018,266
Rental (Notes 22 and 24)	**742,332**	706,983
Representation and entertainment	**398,075**	521,085
Repairs and maintenance	**391,429**	392,152
Stationery, print and office supplies	**161,527**	56,383
Communication, light and water	**139,608**	145,866
Advertising, publication and promotion	**72,215**	39,921
Trainings and seminar	**60,551**	89,623
Travel and transportation	**57,085**	84,295
Depreciation (Note 10)	**20,239**	16,043
Donations	**–**	35,000
Others	**125,735**	36,683
	P20,207,400	P20,942,939

20. Other Income (Expense)

This account consists of:

	From July 1 to September 30, 2015	From July 1 to September 30, 2014
Unrealized gain on foreign exchange	**P831**	P571
Fair value loss of financial assets through FVPL	**(3,695)**	–
	(P2,864)	P571

	From January 1 to September 30, 2015	From January 1 to September 30, 2014
Unrealized gain on foreign exchange	**P1,112**	P266
Fair value loss of financial assets through FVPL	**(3,695)**	–
	(P2,583)	P266

21. Income Tax

The composition of provision for (benefit from) income tax as follows:

	From July 1 to September 30, 2015	From July 1 to September 30, 2014
RCIT	**P312,578**	P–
MCIT	**155,076**	47,543
	P467,654	P47,543

	From January 1 to September 30, 2015	From January 1 to September 30, 2014
RCIT	**P347,838**	P–
MCIT	**169,687**	142,630
	P517,525	P142,630

The following are the computation of minimum corporate income tax:

	From July 1 to September 30, 2015	From July 1 to September 30, 2014
Taxable income	**P7,753,811**	P2,377,166
Tax due at 2%	**P155,076**	P47,543

	From January 1 to September 30, 2015	From January 1 to September 30, 2014
Taxable income	**P8,484,365**	P7,131,498
Tax due at 2%	**P169,687**	P142,630

The reconciliation between the statutory and effective income tax of the Group is as follows:

	From January 1 to September 30, 2015	From January 1 to September 30, 2014
Income (loss) before income tax	**P2,096,943**	P1,547,620
Income tax at statutory income tax rate	**P629,083**	P464,286
Change in unrecognized deferred income tax assets	**2,938,427**	4,160,769
Income tax effects of:		
Nondeductible representation expense	**111,574**	125,214
Dividend income	**(473,226)**	(704,867)
Interest income subjected to final tax	**(2,688,333)**	(3,902,772)
	P517,525	P142,630

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

	September 30, 2015	September 30, 2014	December 31, 2014
MCIT	P–	P–	P84,225
NOLCO	–	–	77,612
	P–	P–	P161,837

The components of the Group's deferred tax liability follows:

	September 30, 2015	September 30, 2014	December 31, 2014
Accruals	**P235,089**	P–	P409,249

22. Leases

The Group As a Lessor

On March 17, 2008, the Parent Company leased a portion of its condominium unit located at 2nd Floor Pacific Star Building, Sen. Gil Puyat Avenue, Makati City to Insbrooks Holdings Co., Inc. from March 15, 2008 to February 14, 2013. Monthly rental fee for the leased space is P375.00 per square meter subject to 10% escalation fee on the second year and fourth year. The leased space has an area of one thousand four hundred twenty two (1,422) square meters. On October 27, 2008, the Parent Company leased to Insbrooks Holding Co., additional 408.80 square meters of remaining vacant office located at 2nd Floor Pacific Star Building, Sen. Gil Puyat Avenue, Makati City, commencing on November 1, 2008 to March 14, 2013. Monthly rental fee for the leased space is P375.00 per square meter subject to 10% escalation fee on the second year and fourth year.

On February 28, 2013, the Parent Company renewed its lease agreement with Insbrooks Holdings Co., Inc. at a monthly rental of P1,098,480. The renewed term of lease is for the period of 18 months commencing on March 15, 2013 to September 14, 2014.

The contracts of lease provides for security deposit equivalent to one (1) month rent.

At the year end, the Group has no outstanding commitments under non-cancellable operating leases that fall due within one year and later than one year but within 5 years. The lease was terminated on October 31, 2014.

Rent income recognized for the lease of the condominium unit amounted to P3,295,440 for the quarter ended September 30, 2014 (see Note 17).

The Group As a Lessee

In 2015, the Parent Company renewed its lease agreement with Philcomsat for its office space located at 12th Floor Telecoms Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City at a monthly rental of P88,255 with 5% escalation fee on the second year of the lease. The renewed term of lease is for the period of one year commencing on January 1, 2015 to December 31, 2015, renewable upon mutual agreement of both parties.

PSTI enters into lease agreement for its office for two years, renewable under certain terms and conditions stipulated in the operating lease agreements.

At the year end, the Group has no outstanding commitments under non-cancellable operating leases that fall due within one year and later than one year but within 5 years. The lease is for a period of one year and renewable for another year upon expiration.

Rent expense recognized for the lease of the office space amounted to P247,444 for the quarter ended September 30, 2015 and P235,661 for the quarter ended September 30, 2014.

23. Earnings (Loss) Per Share

Basic/diluted earnings (loss) per share is computed as follows:

Computed based on Net Income (Loss)

	From July 1 to September 30, 2015	From July 1 to September 30, 2014
Net income (loss)	**P7,127,976**	(P4,108,495)
Weighted average no. of shares outstanding	**996,391,254**	996,391,254
	P0.0072	(P0.0041)

	From January 1 to September 30, 2015	From January 1 to September 30, 2014
Net income (loss)	**P1,579,418**	P1,404,990
Weighted average no. of shares outstanding	**996,391,254**	996,391,254
	P0.0016	P0.0014

Computed based on Total Comprehensive Income

	From July 1 to September 30, 2015	From July 1 to September 30, 2014
Total comprehensive income (loss)	**(P3,304,900)**	P2,246,985
Weighted average no. of shares outstanding	**996,391,254**	996,391,254
	(P0.0033)	P0.0023

	From January 1 to September 30, 2015	From January 1 to September 30, 2014
Total comprehensive income (loss)	**(P3,126,287)**	P16,498,214
Weighted average no. of shares outstanding	**996,391,254**	996,391,254
	(P0.0031)	P0.0166

There are no dilutive financial instruments in September 30, 2015 and 2014, hence diluted earnings per share is the same as basic earnings per share.

24. Related Party Transactions

The Group, in the normal course of business, has provided and/or received advances and services to and from related parties. The related party transactions were made at terms equivalent to those that prevail in arm's length transactions. The following are the details of related party transactions:

As of September 30, 2015

	Classifications	Terms and Condition	Allowance for bad debts/ Bad debts for the year	Amount of the Transaction	Outstanding Balance
(a) Parent Company					
Philippine Communications Satellite Corporation	Due from parent company	unsecured, 4% per annum, no term, payable in cash, no guarantees	none	P66,521,013	P104,342,620
	Deposit for future subscription	unsecured, noninterest-bearing, no term, payable in exchange for shares of stock, no guarantees	none	–	18,894,000
	Rental		none	742,332	–
	Dues and subscription		none	89,600	–
	Light and water		none	62,600	–
	Interest income		none	3,858,330	–
(b) Subsidiary					
Philcomsat Management Enterprises Inc.	Other payables	unsecured, noninterest-bearing, no term, payable in cash, no guarantees	none	–	773,210
(c) Co-Subsidiary					
Montemar Resort Development Corp.	Due from co-subsidiary	unsecured, noninterest-bearing, no term, payable in cash, no guarantees	none	–	306,250
(d) Other Related Party					
Philippine Overseas Telecommunications Corporation	Due from other related party	unsecured, noninterest-bearing, no term, payable in cash, no guarantees	none	11,627,133	10,771,539
Professional Stock Transfer Inc.	Professional fee		none	105,000	–
Montemar Beach Club Inc.	Notes receivable	unsecured, 7% per annum, one year, payable in cash, no guarantees	none	–	14,305,002
	Due from other related party	unsecured, 5% per annum, no term, payable in cash, no guarantees	none	–	19,395,543
	Interest receivable	unsecured, payable in cash and upon maturity of the note receivable, no guarantees	none	1,292,293	311,232

As of September 30, 2014

	Classifications	Terms and Condition	Allowance for bad debts/ Bad debts for the year	Amount of the Transaction	Oustanding Balance
(a) Parent Company					
Philippine Communications Satellite Corporation	Due from parent company	unsecured, noninterest-bearing, no term, payable in cash, no guarantees	none	34,745,372	P48,963,885
	Deposit for future subscription	unsecured, noninterest-bearing, no term, payable in exchange for shares of stock, no guarantees	none	–	18,894,000
	Rental expense		none	706,983	–
	Dues and subsciption		none	100,800	–
	Light and water		none	59,658	–
(b) Co-Subsidiaries					
Montemar Resort Development Corp.	Due from co-subsidiary	unsecured, noninterest-bearing, no term, payable in cash, no guarantees	none	–	306,250
(c) Other Related Parties					
Montemar Beach Club Inc.	Notes receivable	unsecured, 7% per annum, one year, payable in cash, no guarantees	none	–	14,305,002
	Interest income / Interest receivable	unsecured, payable in cash and upon maturity of the note receivable, no guarantees	none	548,680	277,622

As of December 31, 2014

	Classifications	Terms and Condition	Allowance for bad debts/ Bad debts for the year	Amount of the Transaction	Outstanding Balance
(a) Parent Company					
Philippine Communications Satellite Corporation	Due from parent company	unsecured, noninterest-bearing, no term, payable in cash, no guarantees	none	P62,200,000	P38,220,975
	Deposit for future subscription	unsecured, noninterest-bearing, no term, payable in exchange for shares of stock, no guarantees	none	–	18,894,000
	Rental		none	942,644	–
	Dues and subscription		none	134,400	–
	Light and water		none	86,816	–
(b) Subsidiary					
Philcomsat Management Enterprises Inc.	Other receivables	unsecured, noninterest-bearing, no term, payable in cash, no guarantees	none	469,180	469,180
(c) Co-Subsidiary					
Montemar Resort Development Corp.	Due from co-subsidiary	unsecured, noninterest-bearing, no term, payable in cash, no guarantees	none	–	306,250
(d) Other Related Party					
Professional Stock Transfer Inc.	Professional fee		none	50,000	–
Montemar Beach Club Inc.	Notes receivable	unsecured, 7% per annum, one year, payable in cash, no guarantees	none	14,305,002	14,305,002
	Due from other related party	unsecured, 5% per annum, no term, payable in cash, no guarantees	none	20,220,543	19,395,543
	Interest receivable	unsecured, payable in cash and upon maturity of the note receivable, no guarantees	none	756,740	362,840

The following are other relevant related party disclosures:

Identification	Nature of Relationship	Business Purpose of Arrangement	On-going Contractual or Other Commitments
Philippine Communications Satellite Corporation	parent company	rental of building for office use	lease contract (Note 22)
		provide/avail a non-interest bearing advances for investing and/or working capital purposes	none
Philcomsat Management Enterprises Inc.	subsidiary	provide/avail a non-interest bearing advances for investing and/or working capital purposes	none
Montemar Resort Development Corp.	co-subsidiary	provide/avail a non-interest bearing advances for investing and/or working capital purposes	none
Montemar Beach Club Inc.	other related party	provide loans	promissory note (Note 7)
Montemar Beach Club Inc.	other related party	provide/avail a non-interest bearing advances for investing and/or working capital purposes	deed of assignment (Note 7)

Transactions with related parties are made at normal market prices. An assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

Related party transactions have been fairly evaluated since the Group treated it same with the transactions to the third parties.

There are no parties that fall outside the definition of "related parties" with whom the Group or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties at an arm's length basis.

Compensation of Key Management Personnel

The summary of compensation of key management personnel of the Group are as follows:

	From January 1 to September 30, 2015	From January 1 to September 30, 2014
Director's fee	**P5,085,000**	P5,070,000

The Group currently does not have any fulltime employees under its payroll. However, the Group is being managed by Philippine Communication Satellite Corporation (Philcomsat), which owns 79.65% of the Parent Company's shares, through certain Philcomsat's personnel assigned to handle the Group's operations. Philcomsat personnel performs services for the Group such as managing its money market and real estate investments, recording of transactions, processing of disbursements, custody and safekeeping of forms and records and other services required for the Group's operations. Amounts paid by the Group to Philcomsat personnel is shown as part of professional fees.

25. Civil Cases

An action was filed in the Sandiganbayan by a group claiming to be directors and officers of POTC and Philcomsat seeking to enjoin the present directors and officers of POTC and Philcomsat from representing themselves as such directors and officers and representatives of the latter corporations 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 PHC. 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 3, 2013 Decision has become final and executory and is recorded in the Book of Entries of Judgments. 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 civil cases are now pending resolution with the Department of Justice.

26. Litigation

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

On May 23, 2008, the management through its CFO/Treasurer, Ms. Erlinda Bildner, filed a criminal complaint for estafa against Benito Araneta. The complaint was for the money entrusted to Mr. Araneta amounting to P65M for money market placements. However, the details and documentation regarding said corporate funds were not provided to the Parent Company by Mr. Araneta and such funds were never returned.

On February 9, 2009, the Makati Prosecutor's Office dismissed the case for lack of probable cause. On March 4, 2009, the Parent Company through its CFO/Treasurer, Ms. Erlinda Bildner filed an appeal with the Department of Justice, the Resolution dated February 9, 2009 (Assailed Resolution) of the Makati Prosecutor, dismissing the case filed by the Parent Company against the respondent Benito Araneta for estafa under Article 315 (1) (b) of the Revised Penal Code. The appeal remains pending decision in the Department of Justice.

Criminal Complaint Against Philip Brodett and Bankwise Officers Using Spurious Bank Accounts for PHC Deposits

On May 8, 2008, management filed a criminal complaint against Philip Brodett, a Director and Vice President of the Parent Company, and certain officers of the now defunct Bankwise, which was taken over in 2005 by Philippine Veterans Bank (PVB) and padlocked by the Bangko Sentral ng Pilipinas (BSP) on February 8, 2008. The complaint alleged that the unauthorized deposits, withdrawals and transfers of the Parent Company's funds in the amount of P66.8M was processed through spurious bank accounts at Export and Industry Bank (EIB) and Bankwise and involved the co-mingling and transfer of funds between the Parent Company's accounts and certain personal accounts.

Among the allegedly spurious bank accounts used to facilitate the unauthorized transfers of the Parent Company's funds into various personal or allegedly corporate accounts are:

- "Brodett/Nieto, Philip/Manuel" Account No. 1-111-00808-2 funded by "Brodett/Nieto, Philip/Manuel" Account No. 2-111-03072-6 wherein approximately P42M in Parent Company's funds were transferred in and out
- "Brodett, Gavino, Piluchi" Personal Account # 1-111-0062-6 with Export and Industry Bank

Mr. Manuel Nieto declared in 2006 that he was unaware and had no knowledge of the joint personal account held in his name and that of Philip Brodett.

In addition, the Complaint alleges Philip Brodett's unauthorized use of corporate funds in the amount of P39,800,000 through issuance of his personal checks or wire transfers to the personal accounts of the following former Bankwise officers:

- P30,000,000 to Leonides Val Ortega, ex-President, Bankwise and Vice President PVB on February 17, 2006
- P4,800,000 to Vicente Campa, Jr., ex-Director, Bankwise on May 17, 2005
- P5,000,000 to Vicente Campa, Jr., ex-Director, Bankwise on July 29, 2005

The case is currently pending trial. The Motion to Dismiss by Demurrer to Evidence filed by accused Campa and Quintos was however granted, for which the prosecution filed a Motion for Reconsideration, that the Court denied. Our Petition for Certiorari was denied on October 26, 2015. We are in the process of filing a Motion for Reconsideration with the Court of Appeals.

<u>Criminal Complaint Against Enrique Locsin, Philip G. Brodett, Benito Araneta, Luis K. Lokin, Jr., Manuel D. Andal, Julio Jalandoni and Guy De Leon</u>

On May 23, 2008, the management through CFO/Treasurer, Ms. Erlinda I. Bildner, filed a criminal complaint for estafa against Enrique Locsin, Philip G. Brodett, Benito Araneta, Luis K. Lokin, Jr., Manuel Andal, Julio Jalandoni and Guy De Leon. The complaint is premised on the fact that the respondents intentionally booked under the accounting entries of the Parent Company the sum of approximately P122,199,459.00 with each entry labeled as "Advances to Affiliates", referring to POTC and Philcomsat, which owns 81% of PHC. However, neither of the latter companies actually received any part of said "advances". Since no such amounts were forwarded or credited to, nor received by either POTC and Philcomsat, the complaint alleged that the respondents caused the unauthorized disbursement, and therefore the misappropriation, of such funds.

In a Resolution dated May 29, 2009, the Makati City Prosecutor's Office dismissed charges against respondents for alleged lack of probable cause. On June 15, 2009, the Parent Company filed a Petition for Review with the DOJ.

On July 21, 2010, the DOJ dismissed the petition the Parent Company filed. On August 6, 2010, PHC filed a Motion for Reconsideration, which was also denied in an Order dated October 19, 2011. The Parent Company filed a Petition for Certiorari with the Court of Appeals. The parties have filed their memoranda and the case is submitted for decision.

Criminal Complaint Against Concepcion A. Poblador

On February 12, 2008, a complaint was filed by the management through its Director, Mr. Jose Ma. Ozamiz, against Ms. Concepcion Poblador for the crime of estafa. The complaint is premised on the fact that Ms. Poblador received the amount of P14,500,000.00, as a "Cash Advance" from the Parent Company, which she failed to account for and/or return after formal demands by PHC.

On February 9, 2009, a Resolution was issued dismissing the case filed against Ms. Poblador on the grounds of alleged insufficiency of evidence, On March 5, 2009, the Parent Company, through Director Ozamiz, filed a Petition for Review with the DOJ. On February 9, 2009, a Resolution was issued dismissing the case filed against Ms. Poblador on the grounds of alleged insufficiency of evidence, On March 5, 2009, the Parent Company, through Director Ozamiz, filed a Petition for Review with the DOJ. The DOJ issued a Resolution finding Poblador liable only for P247,093, thus, a Motion for Reconsideration was filed. On October 30, 2013, the Motion for Reconsideration was denied with finality. Based on records, it appears that an Information for P247,093 was filed with the Regional Trial Court of Makati, Branch 59, docketed as Criminal Case No. 13-310.

On January 7, 2014, PHC filed a Petition for Certiorari praying that the DOJ file a new Information(s) against Ms. Poblador for Estafa for the total amount of PhP16,747,093. This case is docketed as CA G. R. SP No. 133378. On January 6, 2014, Ms. Poblador also filed a Petition for Certiorari docketed as CA G. R. SP No. 133362 praying that the Information filed against her be dismissed. Both cases are currently pending in the Court of Appeals and were consolidated on August 29, 2014. On November 25, 2014 and December 22, 2014, PHC and Concepcion Poblador filed their Memoranda, respectively. On January 30, 2015, PHC filed its Reply to Ms. Poblador's Memorandum. On February 20, 2015, Ms. Poblador filed a Motion to Expunge PHC's Reply. On March 2, 2015, a Resolution was issued admitting the parties' Memoranda and PHC's Reply (to Poblador's Memorandum). On March 9, 2015, PHC filed its Opposition (to Poblador's Motion to Expunge Reply with Motion to Admit Reply). The case is now submitted for decision.

Complaints Filed Under the Anti-Money Laundering Act (AMLA)

On November 2007, a Complaint was filed by PHC Director Mr. Jose Ma. Ozamiz for the specific purpose of initiating before the Anti-Money Laundering Council (AMLC) the investigation of reported violations of the Anti-Money Laundering Act (AMLA) committed by Enrique L. Locsin, Philip G. Brodett, Luis K. Lokin, Jr., Benito V. Araneta, Johnny R. Tan, Manuel D. Andal, Concepcion A. Poblador, Guy De Leon, Renito A.V. Saguisag, Sikini C. Labastilla, Edwin M. Vidal, Cesar Munsayac and Ricardo Abcede (as well as the following banks: Bank of the Philippine Islands, Bankwise, Inc., Export and Industry Bank, Banco de Oro, Bank of Commerce, International Exchange Bank (now Union Bank), Union Bank, Far East Bank and Trust Company (now Bank of the Philippine Islands), Prudential Bank (now Bank of the Philippine Islands), Metropolitan Bank and Trust Company, Philippine Bank of Communications, Security Bank and Rizal Commercial Banking Corporation).

On October 12, 2009, a Resolution was issued by the Court of Appeals' former 2nd Division ordering the Bank of Commerce, Bank of the Philippine Islands, Security Bank Corporation, Export and Industry Bank, Inc., Rizal Commercial Banking Corporation and Chinatrust (Phils) Commercial Bank Corp. to immediately freeze for a period of twenty (20) days several bank accounts of Messrs. Philip Brodett and Leonides Val Ortega, ex-President of the now defunct Bankwise Inc.

AMLA case was dismissed by the Court of Appeals despite probable cause found by the AMLC to freeze the accounts of Brodett and his cohorts. Since the respondents were afforded sufficient time to pull out their funds from the banks, in between the long delay in processing the cases, when the AMLA case was eventually ripe for filing with the Court of Appeals, there was very little, if no money left in the respondents' accounts.

Since the Office of the Secretary General (OSG) and the AMLC were surprised to be informed that a total balance of PhP100,000 remained in the bank accounts of Messrs. Brodett and Ortega, OSG filed a case before the Regional Trial Court to inquire from the banks as to what happened to all the money in the stated bank accounts.

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 September 30, 2015 and 2014 are as follows:

Performance Indicator	Formula	September 30, 2015	September 30, 2014
Liquidity			
Current Ratio	Current Assets / Current Liabilities	241.41:1	69.02:1
Leverage			
Debt to Equity Ratio	Total Liabilities / Total Equity	.02:1	.03:1
Asset to Equity Ratio	Total Assets / Total Equity	1.02:1	1.03:1
Profitability			
Gross Profit Ratio	Gross Profit / Revenue	88%	85%
Net Profit Ratio	Net Profit / Revenue	46%	NA
Return on Assets	Net Income / Total Assets	.8%	.NA
Return on Equity	Net Income / Total Equity	.8%	NA
Efficiency			
Operating Expense Ratio	Operating Expenses / Gross Operating Income	45%	165%
Interest Rate Coverage Ratio	Earnings before Interest Expense and Taxes / Interest Expense	NA	NA

Liquidity

The Company's current assets of P468,690,848 as of September 30, 2015 and current liabilities of P1,941,459 resulted to a liquidity ratio of 241.41:1 compared to the same quarter of previous year wherein the ratio was lower at 69.02:1 because of higher trade payables and accrued expenses. Investments in bonds, mutual funds and preferred shares totaling P291,404,708 in this quarter were classified under non-currents assets and therefore not included in the computation of this ratio.

Leverage

Debt to equity ratio as of September 30, 2015 is .02:1 lower than September 30, 2014 which is .03:1.

Asset to equity ratio as of September 30, 2015 is 1.02:1 lower than September 30, 2014 which is 1.03:1 The Company's leverage ratios are negligible.

Profitability

Gross profit ratio as of September 30, 2015 is 88% higher than September 30, 2014 which is 85%.

Efficiency

Operating efficiency for the quarter ended September 30, 2015 was lower than same quarter of previous year.

Results of Operations

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

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

Presently, the Company's investments remain in money market placements and other liquid financial instruments. It owns real estate properties, specifically the 2/F Pacific Star Building, Sen. Gil Puyat Avenue, Makati City from which the Company derives rental income.

The following table shows the results of Philcomsat Holdings Corporation's operations for the quarter ended September 30, 2015 and 2014:

	For the quarter ended			
Results of Operations	September 30, 2015	September 30, 2014	Increase/ (Decrease)	YoY Change (%)
Revenues	P15,472,289	P7,325,817	P8,146,472	111.20%
Expenses	7,873,795	11,387,340	(3,513,545)	-30.85%
Income(loss) from operations	P7,598,494	(P4,061,523)	P11,660,017	142.06%

Revenues for the current quarter are more than double from the same quarter last year because of interest from advances to Philcomsat, PMEI and MBCI. As a result, the Company's net income from operations amounted to P7,598,494 for this quarter ending September 30, 2015 compared to the same period in the previous year which is a loss of P4,061,523.

Discussion and Analysis of Material Events and Uncertainties

i.	Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.	**None**
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	**None**
vii.	The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item.	**None**
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 September 30, 2015

Rank	Name	Number of Common Shares
1	Philippine Communications Satellite Corp.	796,590,033
2	Somera, Jr., Prudencio C.	100,000,100
3	Laperal, Oliverio G.	49,556,500
4	PCD Nominee Corporation (Filipino)	16,108,534
5	RCBC T/A 236-235 A/C Oliverio Laperal	4,802,413
6	Yap, Enrique Raymond	4,000,000
7	Marino Olondriz Y Cia (Hold, per PSE)	3,185,600
8	Ozamiz, Jose Ma.	2,700,000
9	RCBC T/A 36-250 A/C Oliverio Laperal	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.	332,550
18	Dacillo, Nenita	320,000
19	Bridgestone Securities Corporation	307,425
20	RCBC T/A 138 A/C Oliverio Laperal	300,000
	TOTAL NO. OF SHARES	**985,842,198**

As of September 30, 2015, 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 Jacinto	Director and President
Erlinda I. Bildner	Director and CFO/Treasurer
Marietta K. Ilusorio	Director
Pablo L. Lobregat	Director
Abraham R. Abesamis	Director
Robert Jaworski Jr.	Director
Prudencio C. Somera	Director
Santiago J. Ranada	Director
Jose Ramon C. Ozamiz	Director
Victoria C. De los Reyes	Corporate Secretary
John Benedict Sioson	Assistant Corporate Secretary
Loma P. Kapunan	Chief Legal Counsel and Chief Compliance Officer