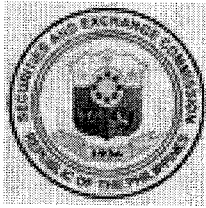




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SECURITIES AND EXCHANGE COMMISSION

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Company Information

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Company Name PHILCOMSAT HOLDINGS CORP.

Industry Classification

Company Type Stock Corporation

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SEC Registration Number

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COMPANY NAME

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

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

1	2	t	h		F	l	o	o	r		,		T	e	l	e	c	o	m		P	l	a	z	a		B	u	i	l	d	i	n	g		,		3	1	6	
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Form Type

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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A
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COMPANY INFORMATION

Company's Email Address postmaster@phc.com.ph	Company's Telephone Number/s (02)815-8406	Mobile Number (02)816-2517
No. of Stockholders 1,176	Annual Meeting (Month / Day) 3rd Monday of November	Fiscal Year (Month / Day) December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person Ms. Eriinda I. Bildner	Email Address N/A	Telephone Number/s (02)815-8406	Mobile Number (02)815-2517
---	-----------------------------	---	--------------------------------------

CONTACT PERSON'S ADDRESS

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

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

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

PHILCOMSAT HOLDINGS CORPORATION AND SUBSIDIARIES
FOR THE QUARTERS ENDED JUNE 30, 2016 AND 2015

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

GENERAL INSTRUCTIONS

(a) Use of Form 17-Q

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

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

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

(c) Preparation of Report

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

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

(d) Incorporation by Reference

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

(e) Integrated Reports to Security Holders

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

(f) Signature and Filing of Report

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended June 30, 2016.
2. Commission identification number 111633. 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
(A Subsidiary of Philippine Communications Satellite Corporation)
AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	June 30		December 31,
		2016 (Unaudited)	2015 (Unaudited)	2015 (Audited)
ASSETS				
Current Assets				
Cash and cash equivalents	4	P227,887,169	P132,376,269	P245,123,206
Short-term investments	5	36,068,329	65,296,595	42,193,855
Receivables - current	6	56,320,474	134,598,631	171,094,311
Other current assets	7	10,429,159	3,118,228	4,432,646
Total Current Assets		330,705,131	335,389,723	462,844,018
Noncurrent Assets				
Receivables - noncurrent	6	39,000,000	39,000,000	39,000,000
Available for sale (AFS) financial assets	8	670,711,110	430,049,716	298,017,037
Investment property	9	110,126,748	114,445,444	112,286,096
Property and equipment	10	93,012	711,303	123,952
Goodwill	11	1,319,429	2,570,346	1,319,429
Deferred tax assets	20	-	161,837	1,121,368
Other noncurrent assets	12	-	5,108,141	5,518,139
Total Noncurrent Assets		821,250,299	592,046,787	457,386,021
		P1,151,955,430	P927,436,510	P920,230,039
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	13	P2,866,191	P326,544	P1,065,503
Customers' deposits		1,237,874	1,237,874	1,237,874
Income tax payable		608,133	-	-
Total Current Liabilities		4,712,198	1,564,418	2,303,377
Noncurrent Liabilities				
Deposit for future stock subscription		18,894,000	18,894,000	18,894,000
Net deferred tax liability	20	167,997	409,249	236,666
Total Noncurrent Liabilities		19,061,997	19,303,249	19,130,666
Equity				
Capital stock		996,391,254	996,391,254	996,391,254
Retained earnings (Deficit)		108,798,238	(106,283,722)	(100,258,978)
Cumulative unrealized gain on AFS financial assets		22,991,743	15,697,879	2,663,720
Equity attributable to equity holders of the Parent Company		1,128,181,235	905,805,411	898,795,996
Non-controlling interest		-	763,432	-
Total Equity		1,128,181,235	906,568,843	898,795,996
		P1,151,955,430	P927,436,510	P920,230,039

See accompanying Notes to Interim Consolidated Financial Statements.

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

INTERIM CONSOLIDATED STATEMENTS OF INCOME

	Note	Quarter ended June 30		Six Months ended June 30	
		2016 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2015 (Unaudited)
REVENUE	14	₱18,875,107	₱4,531,169	₱207,316,906	₱11,769,346
COST OF SERVICES	15	(9,981,237)	(549,356)	(71,409,595)	(1,048,302)
GROSS PROFIT		8,893,870	3,981,813	135,907,311	10,721,044
GENERAL AND ADMINISTRATIVE EXPENSES	16	(10,069,764)	(8,904,628)	(22,020,679)	(16,220,009)
OTHER INCOME (CHARGES) – Net	17	(2,191,044)	195	119,124,233	281
INCOME (LOSS) BEFORE INCOME TAX		(3,366,938)	(4,922,620)	233,010,865	(5,498,684)
PROVISION FOR (BENEFIT FROM) INCOME TAX	20				
Current		1,787,522	(7,979)	24,022,319	39,541
Deferred		(29,954)	–	(68,670)	–
		1,757,568	(7,979)	23,953,649	39,541
NET INCOME (LOSS)		(₱5,124,506)	(₱4,914,641)	₱209,057,216	(₱5,538,225)
NET INCOME (LOSS) ATTRIBUTABLE TO:					
Equity holders of the Parent Company		(₱5,124,506)	(₱4,910,821)	₱209,057,216	(₱5,544,736)
Non-controlling interest		–	(3,820)	–	6,511
		(₱5,124,506)	(₱4,914,641)	₱209,057,216	(₱5,538,225)
BASIC/DILUTED EARNINGS (LOSS) PER SHARE		(₱0.0051)	(₱0.0049)	₱0.2098	(₱0.0056)

See accompanying Notes to Interim Consolidated Financial Statements.

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

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Quarter ended June 30		Six Months ended June 30	
	2016 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2015 (Unaudited)
NET INCOME (LOSS)	(P5,124,506)	(P4,914,641)	P209,057,216	(P5,538,225)
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Item that may be reclassified to profit or loss –</i>				
Unrealized gain (loss) on AFS financial assets	13,246,432	(5,692,369)	17,712,780	5,727,170
TOTAL COMPREHENSIVE INCOME (LOSS)	P8,121,926	(P10,607,010)	P226,769,996	P188,945
TOTAL COMPREHENSIVE INCOME (LOSS)				
ATTRIBUTABLE TO:				
Equity holders of the Parent Company	P8,121,926	(P10,603,190)	P226,769,996	P182,434
Non-controlling interest	–	(3,820)	–	6,511
	P8,121,926	(P10,607,010)	P226,769,996	P188,945

See accompanying Notes to Interim Consolidated Financial Statements.

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

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015

	2016 (Unaudited)	2015 (Unaudited)
CAPITAL STOCK - P1 par value		
Authorized - 1,000,000,000 shares		
Issued - 996,391,254 shares	P996,391,254	P996,391,254
RETAINED EARNINGS (DEFICIT)		
Balance at beginning of period	(100,258,978)	(100,738,986)
Net income (loss)	209,057,216	(5,544,736)
Balance at end of period	108,798,238	(106,283,722)
CUMULATIVE UNREALIZED GAIN ON AFS FINANCIAL ASSETS		
Balance at beginning of period	2,663,720	13,008,240
Unrealized gain	17,712,780	5,727,170
Reversal of fair value changes of AFS sold	2,615,243	(3,037,531)
Balance at end of period	22,991,743	15,697,879
NON-CONTROLLING INTEREST		
Balance at beginning of period	-	756,921
Share in net income	-	6,511
Balance at end of period	-	763,432
	P1,128,181,235	P906,568,843

See accompanying Notes to Interim Consolidated Financial Statements.

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

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015

	Note	2016 (Unaudited)	2015 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax		P233,010,865	(P5,498,684)
Adjustments for:			
Reversal of allowance for impairment of receivables	6	(125,000,000)	-
Provision for impairment of input VAT	17	2,218,578	-
Depreciation and amortization	9	2,194,931	2,217,109
Write-off of time deposit with BPI	17	1,458,225	-
Loss (gain) on sale of AFS financial assets	8	535,352	(2,533,217)
Unrealized gain on financial assets at FVPL	17	(2,957)	-
Operating income (loss) before working capital changes		114,414,994	(5,814,792)
Decrease (increase) in:			
Receivables		142,887,229	(18,084)
Other current assets		(4,152,220)	470,653
Other noncurrent assets		-	6,921,890
Increase (decrease) in trade and other payables		1,800,688	(842,306)
Net cash generated from operations		254,950,691	717,361
Income tax paid		(22,292,817)	-
Net cash provided by operating activities		232,657,874	717,361
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in due from related parties	18	96,886,608	(54,356,108)
Proceeds from:			
Sale and retirement of AFS financial assets		29,773,063	70,465,632
Redemption of short-term investments		6,125,526	53,137,020
Acquisitions of:			
AFS financial assets		(382,674,465)	(151,706,594)
Property and equipment	10	(4,643)	-
Notes and loans		-	(5,000,000)
Net cash used in investing activities		(249,893,911)	(87,460,050)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(17,236,037)	(86,742,689)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		245,123,206	219,118,958
CASH AND CASH EQUIVALENTS AT END OF PERIOD		P227,887,169	P132,376,269

See accompanying Notes to Interim Consolidated Financial Statements.

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2016 AND DECEMBER 31, 2015
AND FOR THE QUARTER AND SIX MONTHS ENDED JUNE 30, 2016 AND 2015

1. Corporate Information

General Information

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

On July 23, 1997, the Securities and Exchange Commission (SEC) approved the amended Articles of Incorporation of the 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 May 9, 2006, the SEC approved the extension of corporate life for another fifty (50) years.

On May 23, 2016, the Parent Company's Board of Directors (BOD) confirmed and ratified its previous resolution increasing the authorized capital stock of the Corporation from ₱1,000.0 million, divided into 1,000,000,000 shares with a par value of ₱1 per share, to ₱3,000.0 million, divided into 3,000,000,000 shares with a par value of ₱1 per share. As at report date, the resolution is awaiting ratification by the stockholders and approval from the SEC.

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

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

The Parent Company and all subsidiaries (collectively referred to as "the Group") were incorporated in the Philippines. The following are the subsidiaries and the respective percentages of ownership and principal activities as at June 30, 2016 and December 31, 2015:

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

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

Listing of Shares in PSE

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

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

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

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

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

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

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

Statement of Compliance

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

3. Summary of Changes in PFRS

Adoption of New and Revised PFRS

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

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

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

New and Revised PFRS Not Yet Adopted

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

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

- Amendments to PAS 1, *Presentation of Financial Statements* - The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.
- Amendments to PAS 16, *Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Amortisation* - The amendments add guidance and clarify that (i) the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than

the consumption of the economic benefits embodied in the asset, and (ii) revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset; however, this presumption can be rebutted in certain limited circumstances.

- Amendment to PFRS 7, *Financial Instruments: Disclosures* - The amendment adds guidance to clarify whether a servicing contract is continuing involvement in a transferred asset.
- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* – The amendments address a current conflict between the two standards and clarify that gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.
- Amendments to PFRS 10, IFRS 12, *Disclosure of Interests in Other Entities*, and PAS 28 - *Investment Entities: Applying the Consolidation Exception* – The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

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

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

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

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

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

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

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

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

4. Cash and Cash Equivalents

This account consists of:

	June 30		December 31,
	2016	2015	2015
	(Unaudited)	(Unaudited)	(Audited)
Cash on hand and in banks	₱61,906,081	₱15,972,277	₱9,572,547
Cash equivalents	165,981,088	116,403,992	235,550,659
	₱227,887,169	₱132,376,269	₱245,123,206

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

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

Interest income earned from cash in banks and cash equivalents amounted to ₱1.3 million and ₱0.5 million for the quarters ended June 30, 2016 and 2015, respectively.

Interest income included in revenue (see Note 14) as shown in the interim consolidated statements income is earned from the following:

		Quarter ended June 30		Six Months ended June 30	
	Note	2016	2015	2016	2015
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash and cash equivalents		₱1,281,373	₱479,332	₱3,109,644	₱985,335
Short-term investments	5	308,959	340,833	461,155	950,260
Receivables	6	–	750,751	184,519,281	1,638,157
AFS financial assets	8	876,001	1,240,013	1,650,507	2,343,917
		₱2,466,333	₱2,810,929	₱189,740,587	5,917,669

5. Short-term Investments

This account amounting to ₱36.1 million, ₱65.3 million and ₱42.2 million as at June 30, 2016 and 2015 and December 31, 2015, respectively, pertains to time deposits with term of more than three months to one year and earns interest at the prevailing time deposit rates.

Interest income earned from short-term investments amounted to ₱0.3 million for the quarters ended June 30, 2016 and 2015 (see Note 4).

6. Receivables

This account consists of:

	Note	June 30		December 31,
		2016 (Unaudited)	2015 (Unaudited)	2015 (Audited)
Trade		₱1,271,240	₱1,337,016	₱1,080,467
Notes and loans		39,000,000	164,000,000	164,000,000
Due from related parties	18	50,119,420	112,278,876	147,006,028
Interest receivable		1,687,917	891,578	1,687,917
Dividend receivable		299,091	95,582	299,091
Others		3,000,806	19,995,579	21,078,808
		95,378,474	298,598,631	335,152,311
Less allowance for doubtful accounts		(58,000)	(125,000,000)	(125,058,000)
		95,320,474	173,598,631	210,094,311
Less noncurrent portion		(39,000,000)	(39,000,000)	(39,000,000)
Current portion of receivables		₱56,320,474	₱134,598,631	₱171,094,311

Movements in the allowance for doubtful accounts are summarized below:

	June 30		December 31,
	2016 (Unaudited)	2015 (Unaudited)	2015 (Audited)
Balance at beginning of period	₱125,058,000	₱125,000,000	₱125,000,000
Provision (reversal)	(125,000,000)	–	58,000
Balance at end of period	₱58,000	₱125,000,000	₱125,058,000

Notes and loans receivable consists of noncurrent unsecured promissory notes amounting to ₱39.0 million as at June 30, 2016 and 2015 and December 31, 2015, issued by various banks with terms ranging from two to ten years and earn interest ranging from 3% to 7% per annum.

Note receivable amounting to nil as at March 31, 2016 and ₱125.0 million as at June 30 and December 31, 2015, pertains to an unsecured loan to Araneta as guaranteed by Araneta's company, Ansear Realty and Development Corporation (Ansear). The note has long been past its due date and has been provided a full valuation allowance since 2008. Interest on the loan was not recognized in the books. The Company filed a complaint for the collection of the note (Araneta case).

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

The lots of Ansear, which are subject to a writ of attachment as ordered by the Court, were sold in January 2016 to settle the loan and the interest.

The Parent Company received ₱350.0 million, inclusive of VAT, in January 2016 as settlement of the loan and interest. Due to the settlement, the full valuation allowance on the note amounting to ₱125.0 million was reversed in 2016 (see Note 17). Proceeds in excess of the loan and interest receivable amounting to ₱184.5 million in 2016 were recorded as interest income. The Parent Company expects to receive ₱175.0 million each in the second half of 2016 and in the first half of 2017, respectively. Broker's commission amounting to ₱61.1 million was shouldered by the Parent Company and thus, was recognized as an expense in 2016 (see Note 15).

Interest income earned from receivables amounted to nil and ₱0.8 million for the quarters ended June 30, 2016 and 2015, respectively (see Note 4).

7. Other Current Assets

This account consists of:

	June 30		December 31,
	2016 (Unaudited)	2015 (Unaudited)	2015 (Audited)
Input VAT, net of allowance for impairment of ₱2,218,578	₱9,814,992	₱-	₱-
CWTs	494,486	2,766,917	2,695,974
Financial assets at FVPL	102,749	162,788	99,792
Prepaid insurance and legal fees	16,932	188,523	1,636,880
	₱10,429,159	₱3,118,228	₱4,432,646

8. AFS Financial Assets

This account consists of:

	June 30		December 31,
	2016 (Unaudited)	2015 (Unaudited)	2015 (Audited)
Investments in:			
Managed funds	₱524,263,891	₱225,736,755	₱176,025,067
Quoted bonds	109,675,639	178,583,714	91,354,868
Quoted shares of stock	35,081,580	25,004,247	29,912,102
Club memberships	1,690,000	725,000	725,000
	₱670,711,110	₱430,049,716	₱298,017,037

Interest income earned from AFS financial assets amounted to ₱0.9 million and ₱1.2 million for the quarters ended June 30, 2016 and 2015, respectively (see Note 4).

Dividend income earned from AFS financial assets amounted to ₱0.3 million and ₱0.5 million for the quarters ended June 30, 2016 and 2015, respectively (see Note 14).

Gain (loss) on sale of AFS financial assets amounted to (₱0.6 million) and ₱0.1 million for the quarters ended June 30, 2016 and 2015, respectively (see Notes 14 and 15). The cost of AFS financial assets sold amounted to ₱30.3 million in 2016 and ₱64.9 million in 2015.

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

No impairment loss was recognized in 2016 and 2015.

9. Investment Property

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

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

	June 30		December 31,
	2016 (Unaudited)	2015 (Audited)	2015 (Audited)
Cost			
Balance at beginning and end of period	₱164,772,000	₱164,772,000	₱164,772,000
Accumulated Depreciation			
Balance at beginning of period	52,485,904	48,167,208	48,167,208
Depreciation	2,159,348	2,159,348	4,318,696
Balance at end of period	54,645,252	50,326,556	52,485,904
Carrying Amount	₱110,126,748	₱114,445,444	₱112,286,096

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

Depreciation for the six months ended June 30, 2016 and 2015 are recognized from the following:

	Note	2016 (Unaudited)	2015 (Unaudited)
Investment property		₱2,159,348	₱2,159,348
Property and equipment	10	35,583	57,761
		₱2,194,931	₱2,217,109

Depreciation for the six months ended June 30, 2016 and 2015 is recognized under the following:

		2016 (Unaudited)	2015 (Audited)
General and administrative expenses	16	₱2,167,278	₱2,172,840
Cost of services	15	27,653	44,269
		₱2,194,931	₱2,217,109

10. Property and Equipment

This account consists of:

	June 30, 2016 (Unaudited)				
	Transportation Equipment	Furniture and Fixtures	Office Equipment	Office Improvement	Total
Cost					
Balance at beginning of quarter	₱4,950,745	₱3,528,775	₱937,569	₱39,325	₱9,456,414
Additions	--	--	4,643	--	4,643
Balance at end of quarter	4,950,745	3,528,775	942,212	39,325	9,461,057
Accumulated Depreciation and Amortization					
Balance at beginning of quarter	4,915,825	3,528,775	848,537	39,325	9,332,462
Depreciation and amortization	4,850	--	30,733	--	35,583
Balance at end of quarter	4,920,675	3,528,775	879,270	39,325	9,368,045
Carrying Amount	₱30,070	₱--	₱62,942	₱--	₱93,012

	June 30, 2015 (Unaudited)					
	Condominium Unit	Transportation Equipment	Furniture and Fixtures	Office Equipment	Office Improvement	Total
Cost						
Balance at beginning of year	₱1,205,078	₱4,950,745	₱3,528,775	₱937,569	₱39,325	₱10,661,492
Disposals	--	--	--	--	--	--
Balance at end of year	1,205,078	4,950,745	3,528,775	937,569	39,325	10,661,492
Accumulated Depreciation and Amortization						
Balance at beginning of year	650,742	4,904,185	3,528,766	769,410	39,325	9,892,428
Depreciation and amortization	24,101	5,820	9	27,831	--	57,761
Balance at end of year	674,843	4,910,005	3,528,775	797,241	39,325	9,950,189
Carrying Amount	₱530,235	₱40,740	₱--	₱140,328	₱--	₱711,303

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

Fully-depreciated property and equipment still in use amounted to ₱8.7 million as at June 30, 2016 and December 31, 2015.

11. Goodwill

On June 30, 2014, the Parent Company, through its subsidiary PMEI, acquired PSTI, a stock transfer agency, for a total cash consideration of ₱3.1 million. Goodwill amounting to ₱1.3 million was recognized as a result of the acquisition.

12. Other Noncurrent Assets

This account consists of:

	June 30		December 31,
	2016	2015	2015
	(Unaudited)	(Unaudited)	(Audited)
Deferred input VAT	₱--	₱3,649,916	₱4,059,914
Time deposit with BPI	--	1,458,225	1,458,225
	₱--	₱5,108,141	₱5,518,139

Included in this account are the Peso and US Dollar time deposits with BPI which were frozen on December 13, 2007 upon the issuance of a writ of preliminary injunction against BPI, following a complaint filed by the current officers of the Parent Company against the bank. On August 19, 2008, BPI filed an interpleader case with respect to the said accounts but only after allowing unauthorized disbursements in the approximate amount of ₱102.0 million. The case was docketed as Civil Case No. 07-840 and was heard and tried by RTC-62 Makati City, which issued a Decision finding BPI liable to pay the Parent Company ₱102.0 million in actual damages. By way of amicable settlement, the Parent Company and BPI executed a Compromise Agreement dated November 20, 2013 whereby BPI paid the Company ₱86.0 million. The outstanding balance of ₱1.5 million as at December 31, 2015, which was part of the settlement, was written off in 2016 (see Note 17).

13. Trade and Other Payables

This account consists of:

	June 30		December 31,
	2016	2015	2015
	(Unaudited)	(Unaudited)	(Audited)
Accounts payable and accrued expenses	₱2,337,397	₱52,179	₱286,610
Statutory payables	528,794	274,365	778,893
	₱2,866,191	₱326,544	₱1,065,503

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

Statutory payables pertain to expanded withholding taxes and other government payables.

14. Revenue

This account consists of:

	Note	Quarter ended June 30		Six Months ended June 30	
		2016 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2015 (Unaudited)
Service fees		₱15,192,292	₱–	₱15,192,292	₱–
Interest income	4	2,466,333	2,810,929	189,740,587	5,917,669
Retainer fee		878,947	822,232	1,787,893	1,696,179
Dividend income	8	271,473	516,893	463,383	1,088,678
Transfer fee		6,060	–	22,750	63,778
Gain on sale of AFS financial assets	8	–	104,892	–	2,533,217
Miscellaneous		60,002	276,223	110,001	469,825
		₱18,875,107	₱4,531,169	₱207,316,906	₱11,769,346

On November 7, 2014, PMEI and POTC, together with PHC, Communication Transmission System, Inc. (COMTSI) and Integration Specialist for Instrumentation Technology Incorporated (INSPECIT) entered into a joint venture to bid for the Armed Forces of the Philippines's project for the establishment of a hybrid power system in Pag-asa Island (the Project). PMEI shall act as manager of the Project and provide the funds necessary for the purpose, with PHC undertaking to supply additional funds if needed. INSPECIT shall supply, install and maintain all equipment for the Project. POTC and COMTSI shall provide its technical expertise and equipment for the Project. The Project was completed in 2015.

15. Cost of Services

This account consists of:

	Note	Quarter ended June 30		Six Months ended June 30	
		2016 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2015 (Unaudited)
Outside services	14	₱9,002,500	₱–	₱9,002,500	₱–
Loss on sale of AFS financial assets	8	579,483	–	535,352	–
Salaries and other benefits		326,815	374,161	640,595	720,752
Transportation		58,163	56,668	97,545	88,778
Depreciation	9	13,826	22,134	27,653	44,269
Repairs and maintenance		450	–	450	–
Rental	19	–	55,580	–	111,160
Broker's commission	6	–	–	61,105,500	–
Communication, light and water		–	40,813	–	83,343
		₱9,981,237	₱549,356	₱71,409,595	₱1,048,302

16. General and Administrative Expenses

This account consists of:

	Note	Quarter ended June 30		Six Months ended June 30	
		2016 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2015 (Unaudited)
Professional fee		₱2,684,780	₱2,521,551	₱5,397,660	₱4,772,763
Legal fee		2,098,356	928,071	5,939,354	1,115,472
Directors' fee	18	1,695,000	1,695,000	3,315,000	3,390,000
Depreciation	9	1,087,604	1,086,420	2,167,278	2,172,840
Representation and entertainment		690,346	93,798	823,220	334,936
Dues and subscription		568,997	1,057,341	1,339,692	1,511,786
Rent expense	19	398,766	247,444	658,582	494,888
Taxes and licenses		229,487	598,210	1,009,990	1,049,423
Transportation and travel		223,036	16,299	445,008	36,948
Communication, light and water		139,066	44,813	204,198	106,765
Repairs and maintenance		127,680	147,011	283,921	271,413
Insurance		83,321	366,107	169,748	690,419
Stationery, print and office supplies		10,122	59,717	112,700	75,738
Trainings and seminars		–	8,000	10,268	60,551
Others		33,203	34,846	144,060	136,067
		₱10,069,764	₱8,904,628	₱22,020,679	₱16,220,009

17. Other Income (Charges) – Net

This account consists of:

	Note	Quarter ended June 30		Six Months ended June 30	
		2016 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2015 (Unaudited)
Fair value changes on AFS financial assets sold reclassified to profit and loss		(₱2,201,921)	₱–	(₱2,201,921)	₱–
Unrealized gain on financial assets at FVPL		10,877	–	2,957	–
Reversal of allowance for impairment of receivables	6	–	–	125,000,000	–
Provision for impairment of input VAT	7	–	–	(2,218,578)	–
Loss on settlement of BPI account	12	–	–	(1,458,225)	–
Unrealized foreign exchange gain		–	195	–	281
		(₱2,191,044)	₱195	₱119,124,233	₱281

18. Related Party Transactions

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

	Relationship	Nature of Transaction	Amount of Transactions (in millions)		Outstanding Balance (in millions)	
			Six Months ended June 30, 2016	Six Months ended June 30, 2015	June 30, 2016	December 31, 2015
			(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Included under "Receivables"						
Philcomsat	Immediate parent	Cash advances	₱	₱44.3	₱22.8	₱116.5
		Rent of office space	0.5	0.5	—	—
		Dues and subscription	0.1	0.1	—	—
		Light and water	0.1	0.1	—	—
POTC	Ultimate parent	Cash advances	—	11.6	7.6	10.8
PSTI	Subsidiary	Professional fee	0.1	0.1	—	—
Montemar Beach Club, Inc. (MBCI)	Company under common control	Cash advances	—	—	19.4	19.4
Montemar Resort Development Corp. (MRDC)	Company under common control	Cash advances	—	—	0.3	0.3
					₱50.1	₱147.0
Included under "Deposit for Future Stock Subscription"						
Philcomsat	Immediate parent	Excess of subscription	₱—	₱—	₱18.9	₱18.9

Terms of Cash Advances to Related Parties

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

The Parent Company as a Lessee

The Parent Company has a lease agreement with Philcomsat for the rent of its office space located at the 12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Ave., Makati City. The lease term is for one year and is renewable under mutual agreement of both parties. Rent expense amounted to ₱0.3 million and ₱0.2 million for the six months ended June 30, 2016 and 2015, respectively.

Compensation of Key Management Personnel

Compensation of the key management personnel of the Parent Company consists of directors' fees amounting to ₱3.3 million and ₱3.4 million for the six months ended June 30, 2016 and 2015, respectively.

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

19. Leases

The Group as a Lessee

Rent expense arises from rental of its office space. Rent expense amounted to ₱0.4 million and ₱0.3 million for the quarters ended June 30, 2016 and 2015, respectively (see Notes 15 and 16). The lease has a term of one year subject to renewal under mutual agreement of both parties.

As at June 30, 2016 and December 31, 2015, the Group has no outstanding commitments under non-cancellable operating leases.

20. Income Tax

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

	Quarter ended June 30		Six Months ended June 30	
	2016 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2015 (Unaudited)
RCIT	₱1,775,407	(₱15,039)	₱23,998,031	₱-
MCIT	12,115	7,060	24,288	39,541
	₱1,787,522	(₱7,979)	₱24,022,319	₱39,541

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

	Quarter ended June 30		Six Months ended June 30	
	2016 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2015 (Unaudited)
Income tax (benefit) at statutory rate	(₱1,010,081)	(₱1,476,786)	₱69,903,260	(₱1,649,605)
Difference between OSD and itemized deductions	3,496,303	-	(7,940,270)	-
Change in unrecognized deferred tax assets	-	2,414,291	(37,499,666)	3,583,563
Add (deduct) tax effects of:				
Interest income already subjected to final tax	(647,212)	(818,889)	(1,473,704)	(1,668,295)
Dividend income	(81,442)	(154,735)	(139,015)	(326,603)
Nondeductible expenses	-	28,140	1,103,044	100,481
	₱1,757,568	(₱7,979)	₱23,953,649	₱39,541

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

	June 30		December 31,
	2016 (Unaudited)	2015 (Unaudited)	2015 (Audited)
Unrecognized:			
NOLCO	₱15,482,250	₱-	₱15,482,250
Allowance for doubtful accounts	-	-	37,500,000
Unrealized foreign exchange loss	-	-	(334)
	15,482,250	-	52,981,916
Recognized:			
NOLCO	-	84,225	270,142
MCIT	-	77,612	851,226
	₱-	₱161,837	₱1,121,368

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

	June 30		December 31,
	2016 (Unaudited)	2015 (Audited)	2015 (Audited)
Deferred tax liability:			
Accruals	₱184,510	₱409,249	₱254,066
Unrealized gain on financial assets at FVPL	887	—	—
	185,397	409,249	254,066
Deferred tax asset –			
Allowance for doubtful accounts	17,400	—	17,400
	₱167,997	₱409,249	₱236,666

21. Operating Segment Information

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

	June 30, 2016 (Unaudited)		
	Reportable Segment	Reconciling Items	Consolidated Balances
Revenue	₱190,203,970	₱17,112,936	₱207,316,906
Cost of service	(61,640,852)	(9,768,743)	(71,409,595)
Gross profit	128,563,118	7,344,193	135,907,311
General and administrative expenses	—	(22,020,679)	(22,020,679)
Other income - net	—	119,124,233	119,124,233
Income before income tax	128,563,118	104,447,747	233,010,865
Provision for income tax	(22,173,930)	(1,779,719)	(23,953,649)
Net income	₱150,737,048	₱102,668,028	₱209,057,216

	June 30, 2015 (Unaudited)		
	Reportable Segment	Reconciling Items	Consolidated Balances
Revenue	₱3,432,714	₱1,098,455	₱4,531,169
Cost of service	(1,089,193)	(539,837)	(1,629,030)
Gross profit	2,343,521	558,618	2,902,139
General and administrative expenses	—	(7,824,954)	(7,824,954)
Other income	—	195	195
Income (loss) before income tax	2,343,521	(7,266,141)	(4,922,620)
Provision for income tax	—	(7,979)	(7,979)
Net income (loss)	₱2,343,521	(₱7,258,162)	(₱4,914,641)

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

22. Aging of Accounts Receivable

The aging schedule of the Group's receivables is as follows:

	June 30, 2016			
	Neither Past Due nor Impaired	Past Due but not Impaired		Total
		30 Days	More than 60 Days	
Trade	₱1,213,240	₱-	₱-	₱1,213,240
Notes	39,000,000	-	-	39,000,000
Due from related parties	50,119,420	-	-	50,119,420
Dividend receivable	299,091	-	-	299,091
Interest receivable	1,687,917	-	-	1,687,917
Others	3,000,806	-	-	3,000,806
	₱95,320,474	₱-	₱-	₱95,320,474

	June 30, 2015			
	Neither Past Due nor Impaired	Past Due but not Impaired		Total
		30 Days	More than 60 Days	
Trade	₱1,202,516	₱-	₱134,500	₱1,337,016
Notes	39,000,000	-	-	39,000,000
Due from related parties	-	29,518,974	82,759,902	112,278,876
Dividend receivable	95,582	-	-	95,582
Interest receivable	891,578	-	-	891,578
Others	19,995,579	-	-	19,995,579
	₱61,185,255	₱29,518,974	₱82,894,402	₱173,598,631

	December 31, 2015			
	Neither Past Due nor Impaired	Past Due but not Impaired		Total
		30 Days	More than 60 Days	
Trade	₱1,022,467	₱-	₱-	₱1,022,467
Notes	39,000,000	-	-	39,000,000
Due from related parties	-	-	147,006,028	147,006,028
Dividend receivable	299,091	-	-	299,091
Interest receivable	1,687,917	-	-	1,687,917
Others	21,078,808	-	-	21,078,808
	₱63,088,283	₱-	₱147,006,028	₱210,094,311

23. Civil Cases

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

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

In the opinion of Management and its legal counsel, any adverse decision on this case against the Parent Company, if any, will not materially affect the consolidated financial statements. The Parent Company also filed cases for the recovery of advances made by former directors and officers of the Parent Company. These cases are now pending resolution with the Department of Justice (DOJ).

24. Litigation

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

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

A criminal complaint for estafa was filed against Araneta for money market placements amounting to ₱65.0 million which allegedly were not returned to the Parent Company. The case was dismissed on February 9, 2009 for lack of probable cause. The appeal filed on March 4, 2009 is pending decision with the DOJ.

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

On May 8, 2008, the Parent Company filed a criminal complaint against Brodett, a former director of the Parent Company, and certain officers of Bankwise. The complaint alleged that the unauthorized deposits, withdrawals and transfers of the Parent Company's funds in the amount of ₱66.8 million was processed through spurious bank accounts and involved the comingling and transfer of funds between the Parent Company's accounts and certain personal accounts. The case was re-raffled to RTC Branch 59 on August 27, 2015 and is ongoing presentation of evidence.

On June 14, 2016, an Order was issued allowing Brodett to present his defense only with respect to the P27 Million and P9,365,688.73 which allegedly came from PHC funds and not in the whole amount of P66.8 Million. The Company, through the Private Prosecutor, has until July 1, 2016 to file a motion for reconsideration of the said Order.

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

The case filed on May 23, 2008 alleged that the respondents caused the unauthorized disbursement and therefore, the misappropriation of the Parent Company's funds amounting to ₱122.0 million. The case was dismissed by the DOJ on July 21, 2010. A Petition for Certiorari was filed with the Court of Appeals on November 9, 2012.

On March 29, 2016, a Decision was issued dismissing the case against respondents. On April 27, 2016, a motion for reconsideration of the said Decision was filed.

- Criminal Complaint Against Concepcion A. Poblador

A criminal complaint for estafa was filed against Ms. Poblador for allegedly receiving cash advances amounting to ₱14.5 million, which she failed to account for and return to the Parent Company after formal demands. On February 9, 2009, the DOJ issued a Resolution finding Ms. Poblador liable only for ₱0.2 million. On January 7, 2014, the Parent Company filed a Petition for Certiorari praying that the DOJ file new information against Ms. Poblador for estafa for the total amount of ₱16.7 million. The case is still awaiting decision.

- Complaint for Collection Against Araneta and Lokin

On May 26, 2010, a complaint for collection of sum of money and damages, with an application for a Writ of Preliminary Attachment dated May 24, 2010 was filed by the Parent Company against Araneta and Lokin. This complaint is based on the alleged personal back to back loans with Bankwise procured by Araneta using the Parent Company's funds as collateral, with the help of Lokin, in the amount of ₱35.3 million. On December 14, 2011, the Company filed a Motion to Set Case for Pre-trial. The case is currently ongoing trial and presentation of evidence.

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

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

- Complaint Against Lokin for Alleged Exorbitant Legal Fees

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

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

Key Performance Indicators (KPI)

The Company's KPI for the quarters ended June 30, 2016 and 2015 are as follows:

Performance Indicator	Formula	June 30, 2016	June 30, 2015
<i>Liquidity</i>			
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	70.18:1	214.39:1
<i>Leverage</i>			
Debt to Equity Ratio	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$	0.02:1	0.02:1
Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	1.02:1	1.02:1
<i>Profitability</i>			
Gross Profit Ratio	$\frac{\text{Gross Profit}}{\text{Revenue}}$	47.12%	87.88%
Net Profit Ratio	$\frac{\text{Net Profit}}{\text{Revenue}}$	N/A	N/A
Return on Assets	$\frac{\text{Net Income}}{\text{Total Assets}}$	N/A	N/A
Return on Equity	$\frac{\text{Net Income}}{\text{Total Equity}}$	N/A	N/A
<i>Efficiency</i>			
Operating Expense Ratio	$\frac{\text{Operating Expenses}}{\text{Gross Operating Income}}$	113.22%	223.63%
Interest Rate Coverage Ratio	$\frac{\text{Earnings before Interest Expense and Taxes}}{\text{Interest Expense}}$	N/A	N/A

Liquidity

The Company's current ratio of 70.18:1 as at June 30, 2016, though much lower than the prior year, still reflects a highly liquid position of the Company. The decrease is mainly due to collection of receivables from related parties and additional investments in AFS financial assets in 2016.

Leverage

The Company maintained its leverage ratios in 2016. The ratios show that the Company's assets are more than adequate to cover its liabilities.

Profitability

Gross profit ratio for the quarter ended June 30, 2016 reflects high profitability levels. Decrease in gross profit ratio from the same quarter in 2015 is due to the decrease in interest-bearing instruments in the Company's investment portfolio. The Company, however, anticipates higher profitability for the subsequent periods due to the increase in market value of other assets in its portfolio, gain of which to be recognized upon sale of the instruments.

Efficiency

Operating efficiency for the quarter ended June 30, 2016 was much lower than the same quarter of the previous year due to the increase in operating income in 2016.

Results of Operations

From 2000 to 2010, the Corporation was involved in an intra-corporate feud between the Brodett-Araneta-Lokin-Loecin-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 its condominium unit located at 2/F Pacific Star Building, Sen. Gil Puyat Avenue, Makati City.

The following table shows the results of the Company's operations for the quarters ended June 30, 2016 and 2015:

Results of Operations	For the quarters ended		Increase/ (Decrease)	YoY Change (%)
	June 30, 2016	June 30, 2015		
Revenues	₱18,875,107	₱4,531,169	₱14,343,938	316.56%
Expenses	20,051,001	9,453,984	10,597,017	112.09%
Loss from operations	(₱1,175,894)	(₱4,922,815)	₱3,746,921	76.11%

The Company recorded higher revenues and expenses for the quarter ended June 30, 2016 than the same period in 2015 primarily due to its participation in the hybrid power system project in Pag-asa Island, which generated a net profit of ₱6.2 million. Moreover, the Company incurred more legal fees in 2016 due to the settlement of the Araneta case.

Discussion and Analysis of Material Events and Uncertainties

- | | | |
|-------|--|--|
| i. | Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way. | The Company anticipates increase in liquidity and revenue during the year due to collection of receivables arising from the settlement of a case |
| 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 | Revenue arising from collection of receivable due to settlement of a case. This was previously assumed to be uncollectible and provided with full valuation allowance. |
| vii. | The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item. | The increase in AFS financial assets was due to investment of the initial proceeds from the collection of receivables referred to above. |
| 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 June 30, 2016

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)	16,274,534
5	RCBC T/A 236-235 A/C OliverioLaperal	4,802,413
6	Yap, Enrique Raymond	4,000,000
7	Marino Olondriz Y Cia (Hold, per PSE)	2,985,600
8	Ozamiz, Jose Ma.	2,700,000
9	RCBC T/A 36-250 A/C OliverioLaperal	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 OliverioLaperal	300,000
TOTAL NO. OF SHARES		985,808,198

As at June 30, 2016, the members of Board of Directors/Key Officers of Philcomsat Holdings Corporation are as follows:

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