

PHILCOMSAT HOLDINGS CORPORATION AND SUBSIDIARIES
AS AT MARCH 31, 2017 AND DECEMBER 31, 2016
AND FOR THE QUARTERS ENDED MARCH 31, 2017 AND 2016

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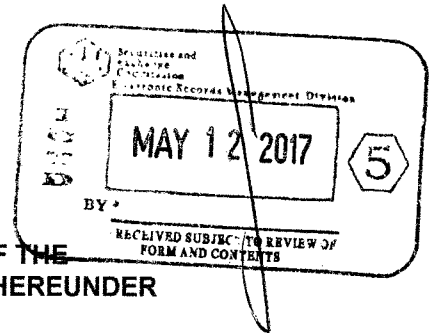
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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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



GENERAL INSTRUCTIONS

(a) Use of Form 17-Q

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

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

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

(c) Preparation of Report

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

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

(d) Incorporation by Reference

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

(e) Integrated Reports to Security Holders

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

(f) Signature and Filing of Report

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended March 31, 2017.
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
(A Subsidiary of Philippine Communications Satellite Corporation)
AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		March 31		December 31,
	Note	2017 (Unaudited)	2016 (Unaudited)	2016 (Audited)
ASSETS				
Current Assets				
Cash and cash equivalents	3	P145,479,308	P637,330,514	P104,420,735
Short-term investments	4	7,441,237	42,565,341	7,384,925
Receivables - current	5	201,725,146	37,895,810	171,861,925
Other current assets	6	2,494,558	578,303	4,750,681
Total Current Assets		357,140,249	718,369,968	288,418,266
Noncurrent Assets				
Receivables - noncurrent	5	47,000,000	39,000,000	47,000,000
Available for sale (AFS) financial assets	7	861,442,326	303,655,003	784,040,683
Investment property	8	106,887,726	111,206,422	107,967,400
Property and equipment	9	186,375	115,359	63,300
Goodwill	10	1,319,429	1,319,429	1,319,429
Net deferred tax assets	18	281,382	277,417	168,457
Total Noncurrent Assets		1,017,117,238	455,573,630	940,559,269
		P1,374,257,487	P1,173,943,598	P1,228,977,535
LIABILITIES AND EQUITY				
Current Liabilities				
Accrued expenses and other current liabilities	11	P2,237,798	P17,048,135	P1,873,784
Customer's deposits	17	1,237,874	1,237,874	1,237,874
Income tax payable		25,795,536	19,114,298	-
Due to a related party	16	-	-	4,549,198
Total Current Liabilities		29,271,208	37,400,307	7,660,856
Noncurrent Liabilities				
Deposit for future stock subscription	16	18,894,000	18,894,000	18,894,000
Net deferred tax liabilities		-	205,225	-
Total Noncurrent Liabilities		18,894,000	19,099,225	18,894,000
Equity				
Share capital		996,391,254	996,391,254	996,391,254
Retained earnings		340,727,698	113,922,744	222,365,362
Cumulative net unrealized gain (loss) on AFS financial assets		(11,026,673)	7,130,068	(16,333,937)
Total Equity		1,326,092,279	1,117,444,066	1,202,422,679
		P1,374,257,487	P1,173,943,598	P1,228,977,535

See accompanying Notes to Interim Consolidated Financial Statements.

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

INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE QUARTERS ENDED MARCH 31, 2017 AND 2016

	Note	2017 (Unaudited)	2016 (Unaudited)
REVENUE	12	₱7,463,510	₱4,158,561
COST OF SERVICES	13	(484,949)	(408,804)
GROSS PROFIT		6,978,561	3,749,757
GENERAL AND ADMINISTRATIVE EXPENSES	14	(12,576,253)	(11,809,434)
GAIN ON SETTLEMENT OF LOAN RECEIVABLE	5	151,250,000	119,445,400
REVERSAL OF ALLOWANCE FOR DOUBTFUL ACCOUNTS	5	–	125,000,000
OTHER INCOME (CHARGES) - Net	15	21,374	(7,920)
INCOME BEFORE INCOME TAX		145,673,682	236,377,803
PROVISION FOR (BENEFIT FROM) INCOME TAX	18		
Current		27,424,271	22,234,797
Deferred		(112,925)	(38,716)
		27,311,346	22,196,081
NET INCOME		₱118,362,336	₱214,181,722
BASIC/DILUTED EARNINGS PER SHARE		₱0.1188	₱0.2150

See accompanying Notes to Interim Consolidated Financial Statements.

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

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTERS ENDED MARCH 31, 2017 AND 2016

	2017 (Unaudited)	2016 (Unaudited)
NET INCOME	₱118,362,336	₱214,181,722
OTHER COMPREHENSIVE INCOME		
<i>Item that may be reclassified to profit or loss</i>		
Unrealized gain on AFS financial assets, net of reclassification adjustments	5,307,264	4,466,348
TOTAL COMPREHENSIVE INCOME	₱123,669,600	₱218,648,070

See accompanying Notes to Interim Consolidated Financial Statements.

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

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTERS ENDED MARCH 31, 2017 AND 2016

	2017 (Unaudited)	2016 (Unaudited)
SHARE CAPITAL - ₱1 par value		
Authorized - 1,000,000,000 shares		
Issued - 996,391,254 shares	₱996,391,254	₱996,391,254
RETAINED EARNINGS (DEFICIT)		
Balance at beginning of quarter	222,365,362	(100,258,978)
Net income	118,362,336	214,181,722
Balance at end of quarter	340,727,698	113,922,744
CUMULATIVE NET UNREALIZED GAIN (LOSS) ON AFS FINANCIAL ASSETS		
Balance at beginning of quarter	(16,333,937)	2,663,720
Unrealized gain	6,034,640	4,744,730
Reversal of fair value changes of AFS sold	(727,376)	(278,382)
Balance at end of quarter	(11,026,673)	7,130,068
	₱1,326,092,279	₱1,117,444,066

See accompanying Notes to Interim Consolidated Financial Statements.

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

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTERS ENDED MARCH 31, 2017 AND 2016

	Note	2017 (Unaudited)	2016 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		P145,673,682	P236,377,803
Adjustments for:			
Gain on settlement of loan receivable	5	(151,250,000)	(119,445,400)
Depreciation	8	1,110,260	1,093,501
Gain on sale of AFS financial assets	7	(765,747)	(44,131)
Provision for (reversal of) impairment of input VAT	6	(69,413)	2,218,578
Unrealized loss (gain) on financial assets at fair value through profit or loss (FVPL)	15	(4,118)	7,920
Reversal of allowance for impairment of receivables	5	-	(125,000,000)
Loss on settlement of BPI account	14	-	1,458,225
Operating loss before working capital changes		(5,305,336)	(3,333,504)
Decrease (increase) in:			
Other current assets		973,087	5,687,759
Receivables		80,467	(321,533)
Increase in accrued expenses and other current liabilities		364,014	15,982,632
Net cash provided by (used for) operations		(3,887,768)	18,015,354
Income tax paid		(272,168)	(2,269,272)
Net cash provided by (used in) operating activities		(4,159,936)	15,746,082
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Collection of a loan receivable	5	151,250,000	262,998,745
Sale and retirement of AFS financial assets		1,779,147	10,322,513
Acquisitions of:			
AFS financial assets		(73,107,779)	(11,450,000)
Notes and loans receivable		(30,000,000)	-
Property and equipment	9	(153,661)	(4,643)
Short-term investments		-	(371,486)
Decrease in due from related parties		-	114,966,097
Net cash provided by investing activities		49,767,707	376,461,226
CASH FLOW FROM A FINANCING ACTIVITY			
Payment of advances from a related party		(4,549,198)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		41,058,573	392,207,308
CASH AND CASH EQUIVALENTS AT BEGINNING OF QUARTER		104,420,735	245,123,206
CASH AND CASH EQUIVALENTS AT END OF QUARTER		P145,479,308	P637,330,514

See accompanying Notes to Interim Consolidated Financial Statements.

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2017 AND DECEMBER 31, 2016
AND FOR THE QUARTERS ENDED MARCH 31, 2017 AND 2016

1. General Information

Corporate Information

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

On July 23, 1997, the SEC approved the amended Articles of Incorporation of the Parent Company consisting of a) change in its primary purpose from an exploration and mining company to a holding company and revision of its secondary purpose clauses; and b) change of the corporate name from Liberty Mines, Inc. to Philcomsat Holdings Corporation. On May 9, 2006, the SEC approved the extension of corporate life for another fifty (50) years.

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

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 ₱1.0 billion, divided into 1,000,000,000 shares with a par value of ₱1 per share, to ₱3.0 billion, 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 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. Philcomsat and POTC are both engaged in the telecommunications business.

The Parent Company and all subsidiaries (collectively referred to as "the Group") were incorporated in the Philippines. The following are the subsidiaries and the respective percentages of ownership and principal activities as at March 31, 2017 and December 31, 2016:

	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

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

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 the PSE

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

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 the penalties. The SEC, on December 29, 2015, lifted the order of suspension and directed the Parent Company to file an updated Registration Statement.

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

2. Summary of Significant Accounting Policies

Basis of Preparation

The 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 and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee.

Measurement Bases

The 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 interim consolidated financial statements of the Group have been prepared on a historical cost basis, except for AFS financial assets and financial assets at fair value through profit or loss (FVPL), which are carried at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date.

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

All assets and liabilities for which fair value is measured or disclosed in the interim 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 (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and,
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The 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 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.

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Group adopted effective for annual periods beginning on or after January 1, 2017:

- Amendments to PAS 7, *Statement of Cash Flows - Disclosure Initiative* – The amendments require entities to provide information that enable the users of financial statements to evaluate changes in liabilities arising from their financing activities.
- Amendments to PAS 12, *Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses* – The amendments clarify the accounting for deferred tax assets related to unrealized losses on debt instruments measured at fair value, to address diversity in practice.

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

New and Amended PFRS Not Yet Adopted

Relevant new and amended PFRS which are not yet effective for the period ended March 31, 2017 and have not been applied in preparing the interim consolidated financial statements are summarized below.

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 PFRS 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 PFRS 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, PFRS 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.

Effective for annual periods beginning on or after January 1, 2019 -

- PFRS 16, *Leases* – Significant change introduced by the new standard is that almost all leases will be brought onto lessees’ balance sheets under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the interim consolidated financial statements of the Group except for PFRS 9 and PFRS 16. The Group anticipates that the application of PFRS 9 and PFRS 16 might have a significant effect on amounts reported in respect of the Group’s financial assets and financial liabilities and leases. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed. Additional disclosures will be included in the interim consolidated financial statements, as applicable.

3. Cash and Cash Equivalents

This account consists of:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Cash on hand and in banks	₱57,019,221	₱20,485,905
Cash equivalents	88,460,087	83,934,830
	₱145,479,308	₱104,420,735

Cash in banks earn interest at 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 ₱1.4 million and ₱1.6 million for the quarters ended March 31, 2017 and 2016, respectively.

Interest income included in revenue (see Note 12) as shown in the interim consolidated statements of comprehensive income is earned from the following:

	Note	2017 (Unaudited)	2016 (Unaudited)
Cash and cash equivalents		₱1,372,882	₱1,628,125
Short-term investments	4	56,312	152,196
Receivables	5	1,050,121	392,057
AFS financial assets	7	2,879,636	774,506
		₱5,358,951	₱2,946,884

4. Short-term Investments

This account amounting to ₱7.4 million as at March 31, 2017 and December 31, 2016 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 ₱0.1 million and 0.2 million for the quarters ended March 31, 2017 and 2016, respectively (see Note 3).

5. Receivables

This account consists of:

	Note	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Trade		₱1,581,230	₱1,584,898
Notes and loans receivable:			
Corporate notes		166,711,954	136,711,954
Promissory notes issued by various banks		55,305,002	55,305,002
Due from related parties	16	18,811,793	18,811,793
Interest receivable		2,976,589	3,269,405
Dividend receivable		40,392	136,438
Others		3,356,186	3,100,435
		248,783,146	218,919,925
Less allowance for doubtful accounts		(58,000)	(58,000)
		248,725,146	218,861,925
Less noncurrent portion		(47,000,000)	(47,000,000)
Current portion of receivables		₱201,725,146	₱171,861,925

Trade Receivables

Trade receivables pertain to receivable from tenant and retainer fees which are collectible on demand and are noninterest-bearing.

Corporate Notes

Corporate notes outstanding pertain to short-term corporate promissory notes issued by various entities, with terms of up to 90 days and earn interest at 2.4% per annum.

Promissory Notes Issued by Various Banks

Unsecured promissory notes are issued by various banks with terms ranging from two to ten years and earn interest ranging from 3% to 7% a year.

Interest income earned from promissory notes issued by banks, corporate notes and due from related parties amounted to ₱1.1 million and ₱0.4 million for the quarters ended March 31, 2017 and 2016, respectively (see Note 3).

Loan to Araneta

Loan to Araneta amounting to ₱125.0 million as at December 31, 2015 pertains to a loan guaranteed by Araneta's company, Ansear Realty and Development Corporation (Ansear). The loan has long been past its due date and has been provided a full allowance for doubtful accounts since 2008. The Parent Company ceased to recognize interest on the loan and filed a complaint for the collection of the loan (Araneta case).

In November 2015, the Regional Trial Court (the Court) ordered Araneta and Ansear to pay the full amount of the loan plus the stipulated interest of 9% a year, penalty interest of 12% a year 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 value-added tax (VAT), in the quarter ended March 31, 2016 as partial settlement of the loan and interest. Due to the settlement, the full allowance for doubtful accounts on the note amounting to ₱125.0 million was reversed in the same period. Proceeds in excess of the loan and interest receivable amounting to ₱184.3 million in the quarter ended March 31, 2016, net of legal and other costs of collection shouldered by the Company amounting to ₱64.9 million, were recorded as a gain on settlement of loan receivable of ₱119.4 million in the same period.

The Parent Company received the final installment amounting to ₱175.0 million, inclusive of VAT, in the quarter ended March 31, 2017. Proceeds amounting to ₱156.3 million, net of legal fees related to the collection amounting to ₱5.0 million, were recorded as a gain on settlement of loan receivable of ₱151.3 million in the same period.

Other Receivables

Other receivables pertain mainly to advances to officers and employees subject to liquidation.

6. Other Current Assets

This account consists of:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Creditable withholding tax	₱1,805,138	₱3,161,705
Input VAT	562,546	1,466,220
Financial assets at FVPL	106,867	102,749
Prepayments:		
Insurance	16,934	16,934
Others	3,073	3,073
	₱2,494,558	₱4,750,681

The Group recognized provision for (reversal of) impairment of input VAT amounting to (₱69,413) and ₱2,218,578 for the quarters ended March 31, 2017 and 2016, respectively (see Notes 14 and 15).

7. AFS Financial Assets

This account consists of:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Investments in:		
Managed funds	₱517,942,677	₱491,605,641
Quoted bonds	269,642,122	223,883,280
Quoted shares of stock	70,907,527	66,101,762
Club memberships	2,950,000	2,450,000
	₱861,442,326	₱784,040,683

Interest income earned from AFS financial assets amounted to ₱2.9 million and ₱0.8 million for the quarters ended March 31, 2017 and 2016, respectively (see Note 3).

Dividend income earned from AFS financial assets amounted to ₱0.4 million and ₱0.2 million for the quarters ended March 31, 2017 and 2016, respectively (see Note 12).

Gain on sale of AFS financial assets amounted to ₱765,747 and ₱44,131 for the quarters ended March 31, 2017 and 2016, respectively (see Note 12).

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 most of these are actively traded in an organized financial market. The fair value measurement of the AFS financial assets is classified as Level 1 (Quoted bonds, quoted shares of stock and club memberships) and Level 2 (Managed funds).

No impairment loss was recognized in 2017 and 2016.

8. Investment Property

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

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

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Cost		
Balance at beginning and end of period	₱164,772,000	₱164,772,000
Accumulated Depreciation		
Balance at beginning of period	56,804,600	52,485,904
Depreciation	1,079,674	4,318,696
Balance at end of period	57,884,274	56,804,600
Carrying Amount	₱106,887,726	₱107,967,400

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

Depreciation for the quarters ended March 31, 2017 and 2016 are recognized from the following:

	Note	2017 (Unaudited)	2016 (Unaudited)
Investment property		₱1,079,674	₱1,079,674
Property and equipment	9	30,586	13,827
		₱1,110,260	₱1,093,501

Depreciation is charged to the following:

	Note	2017 (Unaudited)	2016 (Unaudited)
General and administrative expenses	14	₱1,097,147	₱1,079,674
Cost of services	13	13,113	13,827
		₱1,110,260	₱1,093,501

9. Property and Equipment

This account consists of:

	March 31, 2017 (Unaudited)				Total
	Transportation Equipment	Furniture and Fixtures	Office Equipment	Office Improvement	
Cost					
Balance at beginning of quarter	₱4,950,745	₱3,528,775	₱942,212	₱39,325	₱9,461,057
Additions	60,893	–	92,768	–	153,661
Balance at end of quarter	5,011,638	3,528,775	1,034,980	39,325	9,614,718
Accumulated Depreciation					
Balance at beginning of quarter	4,923,585	3,528,775	906,072	39,325	9,397,757
Depreciation	5,820	–	24,766	–	30,586
Balance at end of quarter	4,929,405	3,528,775	930,838	39,325	9,428,343
Carrying Amount	₱82,233	₱–	₱104,142	₱–	₱186,375

	December 31, 2016 (Audited)				Total
	Transportation Equipment	Furniture and Fixtures	Office Equipment	Office Improvement	
Cost					
Balance at beginning of year	₱4,950,745	₱3,528,775	₱937,569	₱39,325	₱9,456,414
Additions	–	–	4,643	–	4,643
Balance at end of year	4,950,745	3,528,775	942,212	39,325	9,461,057
Accumulated Depreciation					
Balance at beginning of year	4,915,825	3,528,775	848,537	39,325	9,332,462
Depreciation	7,760	–	57,535	–	65,295
Balance at end of year	4,923,585	3,528,775	906,072	39,325	9,397,757
Carrying Amount	₱27,160	₱–	₱36,140	₱–	₱63,300

10. Goodwill

Goodwill amounting to ₱1.3 million was recognized in 2015 as a result of the acquisition of PSTI, a stock transfer agency, by PMEI, a subsidiary.

No impairment on goodwill was recognized in 2017 and 2016.

11. Accrued Expenses and Other Current Liabilities

This account consists of:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Statutory payables	₱1,221,593	₱915,452
Accrued expenses	1,016,205	958,332
	₱2,237,798	₱1,873,784

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

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

12. Revenue

This account consists of:

	Note	2017 (Unaudited)	2016 (Unaudited)
Interest income	3	₱5,358,951	₱2,946,884
Retainer fee		943,946	908,946
Gain on sale of AFS financial assets	7	765,747	44,131
Dividend income	7	371,426	191,910
Transfer fee		23,440	16,690
Miscellaneous		–	50,000
		₱7,463,510	₱4,158,561

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

13. Cost of Services

This account consists of:

	Note	2017 (Unaudited)	2016 (Unaudited)
Salaries and other benefits		₱284,471	₱355,595
Rental		111,160	–
Communication, light and water		61,730	–
Transportation		14,475	39,382
Depreciation	8	13,113	13,827
		₱484,949	₱408,804

14. General and Administrative Expenses

This account consists of:

	Note	2017 (Unaudited)	2016 (Unaudited)
Professional fee		₱3,974,921	₱2,712,880
Directors' fee	16	1,695,000	1,620,000
Taxes and licenses		1,660,670	780,503
Representation and entertainment		1,317,448	132,874
Depreciation	8	1,097,147	1,079,674
Legal fee		828,074	64,528
Dues and subscription		775,291	770,695
Rent expense	17	272,807	259,816
Transportation and travel		292,969	221,972
Insurance		276,401	86,427
Repairs and maintenance		186,236	156,241
Communication, light and water		58,662	65,132
Stationery, print and office supplies		57,669	102,578
Provision for impairment of input VAT	6	–	2,218,578
Loss on settlement of BPI account		–	1,458,225
Others		82,958	79,311
		₱12,576,253	₱11,809,434

15. Other Income (Charges) - Net

This account consists of:

	Note	2017 (Unaudited)	2016 (Unaudited)
Reversal of impairment of input VAT	6	₱69,413	₱–
Unrealized foreign exchange loss		(52,157)	–
Unrealized loss (gain) on financial assets at FVPL		4,118	(7,920)
		₱21,374	(₱7,920)

16. 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)	
			Quarter ended March 31, 2017 (Unaudited)	Quarter ended March 31, 2016 (Unaudited)	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Included under "Receivables"						
Montemar Beach Club, Inc. (MBCI)	Company under common control	Cash advances	₱-	₱-	₱18.5	₱18.5
		Interest income	0.2	0.2	-	-
Montemar Resort Development Corp. (MRDC)	Company under common control	Cash advances	-	-	0.3	0.3
Philcomsat	Immediate parent	Rent of office space	(0.3)	(0.3)	-	-
					₱18.8	₱18.8
Presented under "Due to a Related Party"						
Philcomsat	Immediate parent	Cash advances	(₱4.5)	₱-	₱-	₱4.5
Presented 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 MBCI bear interest at 5%, while cash advances to MRDC are noninterest-bearing. All cash advances are demandable at the instance of the Group.

Terms of Cash Advances from a Related Party

Cash advances from Philcomsat are noninterest-bearing and payable on demand.

The Parent Company as a Lessee

The Parent Company has a lease agreement with Philcomsat for the rent of its office space located at 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 for the quarters ended March 31, 2017 and 2016.

Compensation of Key Management Personnel

Compensation of the key management personnel of the Parent Company consists of directors' fees amounting to ₱1.7 million and ₱1.6 million for the quarters ended March 31, 2017 and 2016, respectively (see Note 14).

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

17. Leases

The Group as a Lessor

The Parent Company leased a portion of its condominium unit located at 2nd Floor Pacific Star Building, Gil Puyat Avenue, Makati City to Insbrooks Holdings Co., Inc. Monthly rental amounted to ₱1.2 million for a lease term of 18 months, commencing on March 15, 2013 and ending on September 14, 2014. Security deposit, equivalent to one month rent is shown as part of "Customer's deposits" account in the interim consolidated statements of financial position. The lease was terminated on September 14, 2014.

The Group as a Lessee

Rent expense arising from rental of the office space of the Parent Company and PSTI. Rent expense amounted to ₱0.3 million for the quarters ended March 31, 2017 and 2016 (see Note 14). The leases have a term of one year subject to renewal under mutual agreement of both parties.

As at March 31, 2017 and December 31, 2016, the Group has no outstanding commitments under non-cancellable operating leases.

18. Income Tax

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

	2017 (Unaudited)	2016 (Unaudited)
RCIT	₱27,414,022	₱22,222,624
MCIT	10,249	12,173
	₱27,424,271	₱22,234,797

The Parent Company's income tax was computed using Optional Standard Deduction (OSD) in 2017 and 2016.

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

	2017 (Unaudited)	2016 (Unaudited)
Income tax expense at statutory rate	₱43,702,105	₱70,913,341
Difference between OSD and itemized deductions	(14,981,505)	(11,436,573)
Change in unrecognized deferred tax assets	15,647	(37,499,666)
Add (deduct) tax effects of:		
Interest income already subjected to final tax	(1,292,649)	(826,492)
Dividend income	(111,428)	(57,573)
Nontaxable gain	(20,824)	-
Nondeductible expenses	-	1,103,044
	₱27,311,346	₱22,196,081

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

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Deferred tax assets:		
NOLCO	P298,998	P193,986
MCIT	58,619	48,370
Allowance for doubtful accounts	17,400	17,400
	375,017	259,756
Deferred tax liabilities:		
Accruals	(91,512)	(90,412)
Unrealized gain on financial assets at FVPL	(2,123)	(887)
	(93,635)	(91,299)
	P281,382	P168,457

The Parent Company did not recognize deferred tax assets amounting to P5.9 million as at March 31, 2017 and December 31, 2016 because management believes that these may not be realized because future taxable income may not be sufficient against which the tax benefits can be claimed or deducted.

Details of the Parent Company's unrecognized deferred tax assets are as follows:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
NOLCO	P5,852,277	P5,852,277
Unrealized foreign exchange loss	15,647	-
	P5,867,924	P5,852,277

19. Aging of Accounts Receivable

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

	March 31, 2017			
	Neither Past Due nor Impaired	Past Due but not Impaired		Total
		30 Days	More than 60 Days	
Trade	P1,523,230	P-	P-	P1,523,230
Notes and loans	222,016,956	-	-	222,016,956
Due from related parties	18,811,793	-	-	18,811,793
Interest receivable	2,976,589	-	-	2,976,589
Dividend receivable	40,392	-	-	40,392
Others	3,356,186	-	-	3,356,186
	P248,725,146	P-	P-	P248,725,146

	December 31, 2016			
	Neither Past Due nor Impaired	Past Due but not Impaired		Total
		30 Days	More than 60 Days	
Trade	₱1,526,898	₱-	₱-	₱1,526,898
Notes and loans	192,016,956	-	-	192,016,956
Due from related parties	18,811,793	-	-	18,811,793
Interest receivable	3,269,405	-	-	3,269,405
Dividend receivable	136,438	-	-	136,438
Others	3,100,435	-	-	3,100,435
	₱218,861,925	₱-	₱-	₱218,861,925

20. 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 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.

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).

21. Litigation

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

- 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 Parent Company has finished presenting rebuttal evidence.

On November 7, 2016, the Parent Company filed its Memorandum. On November 14, 2016, the Parent Company also filed an Urgent Motion praying that Araneta and Lokin be ordered to submit a new counter-bond since CAP General Insurance Corporation is already non-existing and under conservatorship. On February 2, 2017, a Decision was issued finding Araneta and Lokin liable to pay PHC a) actual damages in the sum of ₱31.5 million plus legal interest of 6% computed from May 26, 2010, the time of judicial demand until fully paid; b) ₱200,000 as and by way of exemplary damages; and c) ₱200,000 as and by way of attorney's fees, plus costs of suit. Araneta and Lokin filed their Motions for Reconsideration of the said Decision.

On February 20, 2017, the RTC-Makati issued an Order granting the Parent Company's application of writ of preliminary attachment against the properties and assets of Lokin. Araneta and Lokin are yet to file an appeal regarding the said decision.

- 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 ₱27.0 million and ₱9.3 million which allegedly came from PHC funds and not in the whole amount of ₱66.8 Million. On July 1, 2016, a Motion for Reconsideration of the said Order was filed by the Private Prosecutor (Parent Company). On August 30, 2016, the Private Prosecutor (Parent Company) filed a Reply to Brodett's Comment/Opposition dated August 25, 2016. The case is currently ongoing trial and presentation of Brodett's evidence.

- 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 still pending decision with the DOJ as at report date.

- 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 and the case is submitted for resolution.

- **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 for presentation of the prosecution's evidence.

- **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.

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

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

Key Performance Indicators (KPI)

The Company's KPI for the quarters ended March 31, 2017 and 2016 are as follows:

Performance Indicator	Formula	March 31, 2017	March 31, 2016
<i>Liquidity</i>			
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	12.20:1	19.21:1
<i>Leverage</i>			
Debt to Equity Ratio	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$	0.04:1	0.05:1
Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	1.04:1	1.05:1
<i>Profitability</i>			
Gross Profit Ratio	$\frac{\text{Gross Profit}}{\text{Revenue}}$	93.50%	90.17%
Net Profit Ratio	$\frac{\text{Net Profit}}{\text{Revenue}}$	N/A	N/A
Return on Assets	$\frac{\text{Net Income}}{\text{Total Assets}}$	8.61%	18.24%
Return on Equity	$\frac{\text{Net Income}}{\text{Total Equity}}$	8.93%	19.17%
<i>Efficiency</i>			
Operating Expense Ratio	$\frac{\text{Operating Expenses}}{\text{Gross Operating Income}}$	8.63%	5.00%
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 as at March 31, 2017 of 12.20:1 is lower as opposed to 19.21:1 in the same quarter of the prior year, The decrease is mainly due to the collection of a loan receivable and receivables from related parties in 2016 and additional investments in various assets in 2017. Though lower in the current year, this ratio still reflects a high liquidity position of the Company.

Leverage

There has been negligible change in the Company's leverage ratios in 2017. The ratios show that the Company's assets are more than adequate to cover its liabilities.

Profitability

Gross profit ratio for the quarter ended March 31, 2017 reflects high profitability levels. Increase in gross profit ratio from the same quarter in 2016 is due to the interest income earned from additional investments in managed funds and investments in bonds and to the gains recognized upon sale of the instruments. Lower returns on assets and equity was due to higher net income in the prior year quarter as a result of the reversal of allowance for doubtful accounts.

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 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 March 31, 2017 and 2016:

Results of Operations	For the quarters ended		Increase/ (Decrease)	YoY Change (%)
	March 31, 2017	March 31, 2016		
Revenues	₱158,713,510	₱248,603,961	(₱89,890,451)	(36.16%)
Expenses	13,039,828	12,226,158	813,670	6.66%
Income from operations	₱145,673,682	₱236,377,803	(₱90,704,121)	(38.37%)

The Company recorded lower revenues and expenses for the quarter ended March 31, 2017 than the same period in 2016 due primarily to the reversal of allowance for doubtful accounts in 2016 amounting to ₱125,000,000.

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 filed various cases against its former directors to recover assets they allegedly withdrawn or misappropriated which, if won, will result in the liquidity position of the Company increasing in a material way. |
| 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 proceeds from the collection of receivable referred to above. The decrease in Cash was due to the final settlement of the Araneta Loan, which is much lower than the previous installments and the acquisition of AFS financial assets as mentioned earlier. |
| 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 March 31, 2017

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 Oliverio Laperal	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 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		985,808,198

As at March 31, 2017, the members of Board of Directors/Key Officers of Philcomsat Holdings Corporation are as follows:

Katrina Ponce Enrile	Chairman and Executive Vice President
Carlo A. Carag	Vice Chairman
Ramon Jacinto	Director and President
Erlinda I. Bildner	Director and CFO/Treasurer
Pablo L. Lobregat	Director
Daniel C. Gutierrez	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