



111142018000094



## SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
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## COMPANY NAME

PHILCOMSAT HOLDINGS CORPORATION AND SUBSIDIARIES

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

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

Form Type

17 - Q

Department requiring the report

CRMD

Secondary License Type, If Applicable

N / A

## COMPANY INFORMATION

Company's Email Address

postmaster@phc.com.ph

Company's Telephone Number/s

(02)815-8406

Mobile Number

(02)816-2517

No. of Stockholders

1,174

Annual Meeting (Month / Day)

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

Fiscal Year (Month / Day)

December 31

## CONTACT PERSON INFORMATION

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

Name of Contact Person

Ms. Erlinda I. Bildner

Email Address

N/A

Telephone Number/s

(02)815-8406

Mobile Number

(02)816-2517

## CONTACT PERSON'S ADDRESS

12<sup>th</sup> Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City

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

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

**PHILCOMSAT HOLDINGS CORPORATION AND SUBSIDIARIES**  
**AS AT SEPTEMBER 30, 2018 AND DECEMBER 31, 2017**  
**AND FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

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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

1. For the quarterly period ended September 30, 2018.
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

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
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

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.

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 and used to be traded at the Philippine Stock Exchange (PSE).

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

**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		September 30		December 31, 2017
	Note	2018 (Unaudited)	2017 (Unaudited)	(Audited)
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	3	₱425,910,084	₱98,561,876	₱104,889,256
Short-term investments	4	–	7,441,238	7,441,238
Receivables – current	5	56,847,115	199,788,086	186,905,713
Due from related parties	14	30,311,793	13,811,793	27,811,793
Other current assets	6	3,187,602	3,320,820	3,471,891
<b>Total Current Assets</b>		<b>516,256,594</b>	<b>322,923,813</b>	<b>330,519,891</b>
<b>Noncurrent Assets</b>				
Receivables – noncurrent	5	62,000,000	49,000,000	56,000,000
Financial assets at fair value	7	842,272,681	877,449,380	879,320,504
Property and equipment	9	221,231	143,412	521,822
Goodwill	10	1,319,429	1,319,429	4,024,916
Investment property	8	–	104,728,378	103,648,704
Net deferred tax assets	16	–	281,222	206,134
<b>Total Noncurrent Assets</b>		<b>905,813,341</b>	<b>1,032,921,821</b>	<b>1,043,722,080</b>
		<b>₱1,422,069,935</b>	<b>₱1,355,845,634</b>	<b>₱1,374,241,971</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Accrued expenses and other payables	11	₱8,942,052	₱1,841,845	₱4,529,759
Customers' deposits	15	1,237,874	1,237,874	4,401,074
Due to a related party	14	6,576,143	–	3,613,265
Income tax payable		132,465	–	–
<b>Total Current Liabilities</b>		<b>16,888,534</b>	<b>3,079,719</b>	<b>12,544,098</b>
<b>Noncurrent Liabilities</b>				
Deposit for future stock subscription	14	18,894,000	18,894,000	18,894,000
Net deferred tax liabilities	16	752,081	–	–
<b>Total Noncurrent Liabilities</b>		<b>19,646,081</b>	<b>18,894,000</b>	<b>18,894,000</b>
<b>Equity</b>				
Capital stock		996,391,254	996,391,254	996,391,254
Retained earnings		431,854,439	340,365,119	340,257,935
Cumulative net unrealized gain (loss) on financial assets at fair value through other comprehensive income (FVOCI)		(42,710,373)	(2,884,458)	5,375,694
Equity attributable to equity holders of Parent Company		1,385,535,320	1,333,871,915	1,342,024,883
Non-controlling interest	10	–	–	778,990
<b>Total Equity</b>		<b>1,385,535,320</b>	<b>1,333,871,915</b>	<b>1,342,803,873</b>
		<b>₱1,422,069,935</b>	<b>₱1,355,845,634</b>	<b>₱1,374,241,971</b>

See accompanying Notes to Interim Consolidated Financial Statements.

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

**INTERIM CONSOLIDATED STATEMENTS OF INCOME**

	Note	Quarter ended September 30		Nine Months ended September 30	
		2018 (Unaudited)	2017 (Unaudited and as restated - Note 7)	2018 (Unaudited)	2017 (Unaudited and as restated - Note 7)
REVENUE	12	<b>₱7,548,380</b>	₱6,848,359	<b>₱35,888,864</b>	₱24,300,350
COSTS AND EXPENSES	13	<b>(6,382,767)</b>	(9,081,358)	<b>(27,213,690)</b>	(30,034,339)
UNREALIZED FOREIGN EXCHANGE GAIN (LOSS)		<b>11,578</b>	(16,009)	<b>3,516,349</b>	(5,953)
GAIN ON SALE OF INVESTMENT PROPERTY	8	—	—	<b>99,112,396</b>	—
GAIN ON DISPOSAL OF INVESTMENT IN SUBSIDIARY	10	—	—	<b>25,076</b>	—
GAIN ON SETTLEMENT OF LOAN RECEIVABLE	5	—	—	—	151,250,000
<b>INCOME (LOSS) BEFORE INCOME TAX</b>		<b>1,177,191</b>	(2,249,008)	<b>111,328,995</b>	145,510,058
PROVISION FOR INCOME TAX	16				
Current		<b>184,381</b>	38,972	<b>19,134,439</b>	27,719,935
Deferred		<b>1,593</b>	328,747	<b>958,892</b>	276,244
		<b>185,974</b>	367,719	<b>20,093,331</b>	27,996,179
<b>NET INCOME (LOSS)</b>		<b>₱991,217</b>	(₱2,616,727)	<b>₱91,235,664</b>	₱117,513,879
<b>BASIC/DILUTED EARNINGS PER SHARE</b>		<b>₱0.0010</b>	(₱0.0026)	<b>₱0.0916</b>	₱0.1179

*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 September 30		Nine Months ended September 30	
	2017 (Unaudited and as restated - Note 7)	2018 (Unaudited)	2017 (Unaudited and as restated - Note 7)	2018 (Unaudited)
<b>NET INCOME (LOSS)</b>	<b>₱991,217</b>	<b>(₱2,616,727)</b>	<b>₱91,235,664</b>	<b>₱117,513,879</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Item that may be reclassified to profit or loss</i>				
Unrealized gain on debt instruments at FVOCI	4,381,465	11,579,988	17,564,686	12,722,806
<i>Item that may not be reclassified to profit or loss</i>				
Unrealized gain (loss) on equity instruments and managed funds at FVOCI	(11,109,906)	(5,274,543)	(65,650,753)	1,212,550
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>(₱5,737,224)</b>	<b>₱3,688,718</b>	<b>₱43,149,597</b>	<b>₱131,449,235</b>

*See accompanying Notes to Interim Consolidated Financial Statements.*

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

**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

	2017	2018 (Unaudited and as (Unaudited) restated - Note 7)
<b>CAPITAL STOCK - ₱1 par value</b>		
Authorized - 1,000,000,000 shares		
Issued - 996,391,254 shares	₱996,391,254	₱996,391,254
<b>RETAINED EARNINGS</b>		
Balance at beginning of period, as previously reported	340,257,935	222,365,363
Fair value changes on equity instruments at FVOCI sold reclassified from other comprehensive income	360,840	485,877
Balance at beginning of period, as restated	340,618,775	222,851,240
Net income	91,235,664	117,513,879
Balance at end of period	431,854,439	340,365,119
<b>CUMULATIVE NET UNREALIZED GAIN (LOSS) ON FINANCIAL ASSETS</b>		
Balance at beginning of period, as previously reported	5,375,694	(16,333,937)
Reclassification of fair value changes on equity instruments at FVOCI sold to retained earnings	-	(485,877)
Balance at beginning of period, as restated	5,375,694	(16,819,814)
Unrealized gain on financial assets at FVOCI for the year	(48,086,067)	13,935,356
Balance at end of period	(42,710,373)	(2,884,458)
	<b>₱1,385,535,320</b>	<b>₱1,333,871,915</b>

*See accompanying Notes to Interim Consolidated Financial Statements.*

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

**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

	Note	2018 (Unaudited)	2017 (Unaudited and as restated - Note 7)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax		P111,328,995	P145,512,328
Adjustments for:			
Gain on sale of investment property	8	(99,112,396)	-
Depreciation	9	1,673,691	3,321,301
Loss (gain) on sale of financial assets at FVOCI	12	32,113	(3,677,485)
Gain on settlement of loan receivable	5	-	(151,250,000)
Reversal of impairment of input value-added tax (VAT)	13	-	(69,413)
Operating income (loss) before working capital changes		13,922,403	(6,165,539)
Decrease in:			
Receivables		(6,153,356)	262,047
Other current assets		284,289	298,455
Increase (decrease) in:			
Accrued expenses and other payables		4,411,617	(34,212)
Customers' deposits		(3,163,200)	-
Net cash generated from (used for) operations		9,301,753	(5,639,249)
Income tax paid		(19,001,974)	(26,905,853)
Net cash used in operating activities		(9,700,221)	(32,545,102)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of:			
Investment property	8	201,388,000	-
Financial assets at fair value		7,441,238	57,738,963
Subsidiary		1,926,497	-
Short-term investments		-	-
Collection of notes and loans receivable	5	130,211,954	151,250,000
Acquisitions of:			
Financial assets at fair value		(10,709,518)	(133,534,818)
Notes and loans receivable		-	(49,000,000)
Property and equipment	9	-	(162,391)
Short-term investments		-	(56,313)
Decrease (increase) in due from related parties	14	(2,500,000)	5,000,000
Net cash provided by investing activities		327,758,171	31,235,441
<b>CASH FLOW FROM A FINANCING ACTIVITY</b>			
Proceeds from (payment of) due to a related party	14	2,962,878	(4,549,198)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>321,020,828</b>	<b>(5,858,859)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		<b>104,889,256</b>	<b>104,420,735</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>P425,910,084</b>	<b>P98,561,876</b>

*See accompanying Notes to Interim Consolidated Financial Statements.*

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

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT SEPTEMBER 30, 2018 AND DECEMBER 31, 2017**  
**AND FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

**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 Parent Company ceased oil and mining operations in 1992.

On July 23, 1997, the SEC approved the amended Articles of Incorporation of the Parent Company consisting of a) change in its primary purpose from an exploration and mining company to a holding company and revision of its secondary purpose clauses; and b) change of the corporate name from Liberty Mines, Inc. to Philcomsat Holdings Corporation. 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 79.94% 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 September 30, 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.

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## **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 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 consolidated 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 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.
- Amendment to PFRS 12, *Disclosures of Interests in Other Entities – Clarification of the Scope of the Standard* – The amendment is part of the Annual Improvements to PFRS 2014-2016 Cycle and clarifies that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

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 the interim consolidated financial statements, as applicable.

### **New and Amended PFRS in Issue But Not Yet Effective**

Relevant new and amended PFRS which are not yet effective for the year ending December 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.

- Amendments to PAS 40, *Investment Property - Transfers of Investment Property* – The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of change in use. A mere change in management’s intentions for the use of the property does not provide evidence of a change in use.

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

- PFRS 16, *Leases* – The most significant change introduced by the new standard is that almost all leases will be brought onto lessees’ statement of financial position 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.

- Philippine Interpretation IFRIC 23, *Uncertainty Over Income Tax Treatments* – The interpretation provides requirements in addition to those set in PAS 12, *Income Taxes* by specifying how to determine the accounting tax position when there is uncertainty over tax treatments. It requires an entity to (a) determine whether uncertain tax positions are assessed separately or as a group, and (b) assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings. If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. Otherwise, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

Deferred effectivity -

- Amendment 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. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, is now deferred indefinitely until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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. The Group anticipates that the application of PFRS 9 might have a significant effect on amounts reported in respect of the Group's financial assets and financial liabilities. 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 consolidated financial statements, as applicable.

### 3. Cash and Cash Equivalents

This account consists of:

	September 30		December 31,
	2018 (Unaudited)	2017 (Unaudited)	2017 (Audited)
Cash on hand and in banks	₱25,129,318	₱18,063,392	₱19,625,222
Cash equivalents	400,780,766	80,498,484	85,264,034
	<b>₱425,910,084</b>	<b>₱98,561,876</b>	<b>₱104,889,256</b>

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 prevailing special savings and time deposits rates.

Interest income earned from cash in banks and cash equivalents amounted to ₱127,276 and ₱309,955 for the quarters ended September 30, 2017 and 2016, respectively.

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

	Note	Quarter ended September 30		Nine Months ended September 30	
		2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
Cash and cash equivalents		₱127,276	₱309,955	₱849,136	₱413,652
Short-term investments	4	355,041	217,863	3,304,600	972,684
Receivables	5	1,108,263	2,235,820	7,440,813	7,383,559
Financial assets at fair value	7	4,407,217	1,964,178	10,031,883	6,820,691
		<b>₱5,997,797</b>	<b>₱4,727,816</b>	<b>₱21,626,432</b>	<b>₱15,590,586</b>

#### 4. Short-term Investments

This account amounting to nil, ₱7.4 million and ₱7.4 million as at September 30, 2018 and 2017 and December 31, 2017, respectively, pertains to time deposits with term of more than three months to one year and earns interest at prevailing time deposit rates.

Interest income earned from short-term investments amounted to ₱0.4 million in 2018 and ₱0.2 million for the quarters ended September 30, 2018 and 2017 (see Note 3).

#### 5. Receivables

This account consists of:

	Note	September 30		December 31,
		2018 (Unaudited)	2017 (Unaudited)	2017 (Audited)
Trade receivables		₱6,340,081	₱1,252,461	₱1,531,757
Notes and loans receivable:				
Promissory notes issued by financial institutions		75,271,590	145,016,956	156,983,544
Corporate notes		25,000,000	96,000,000	73,500,000
Accrued revenue		4,349,601	—	4,349,601
Advances subject to liquidation		3,693,168	3,283,543	40,391
Interest receivable		3,636,327	3,252,735	3,880,934
Nontrade receivables		500,000	—	—
Dividend receivable		114,348	40,391	2,677,486
		<b>118,905,115</b>	<b>248,846,086</b>	<b>242,963,713</b>
Less allowance for doubtful accounts		(58,000)	(58,000)	(58,000)
		<b>118,847,115</b>	<b>248,788,086</b>	<b>242,905,713</b>
Less noncurrent portion		(62,000,000)	(49,000,000)	(56,000,000)
Current portion of receivables		<b>₱56,847,115</b>	<b>₱199,788,086</b>	<b>₱186,905,713</b>

### **Trade Receivables**

This account consists of receivables from tenants, service contracts and retainer fee receivables which are unsecured, collectible on demand and noninterest-bearing.

### **Notes and Loans Receivable**

#### **Corporate Notes**

Corporate notes pertain to short-term corporate promissory notes issued by various entities, with terms of up to 90 days and earn interest at 2.8% per annum.

#### **Promissory Notes Issued by Financial Institutions**

Unsecured promissory notes are issued by various financial institutions 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 financial institutions and corporate notes amounted to ₱1.1 million in 2018 and ₱2.2 million in 2017 (see Note 3).

#### **Loan to Araneta**

The Parent Company had a loan to Araneta amounting to ₱125.0 million guaranteed by Araneta's company, Ansear Realty and Development Corporation (Ansear)'s lots. The note has long been past its due date and has been provided a full allowance for doubtful accounts since 2008. Moreover, the Parent Company ceased to recognize interest on the loan and filed a complaint for the collection of the note (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 ₱525.0 million, inclusive of VAT, in 2016 as partial settlement of the loan and interest. The full allowance for doubtful accounts on the note amounting to ₱125.0 million was reversed in 2016. Proceeds in excess of the loan and interest receivable amounting to ₱340.6 million in 2016, net of legal and other costs of collection shouldered by the Company amounting to ₱67.6 million, were recorded as a gain on settlement of loan receivable of ₱273.0 million in 2016. The Parent Company received the final installment amounting to ₱175.0 million, inclusive of VAT, in 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 2017.

#### **Advances Subject to Liquidation**

Advances subject to liquidation pertains mainly to advances made to officers for operations of the Company.

#### **Accrued Revenue**

This account pertains to accrued service fees on the Group's service contracts which are recognized based on percentage of completion.

## 6. Other Current Assets

This account consists of:

	September 30		December 31,
	2018	2017	2017
	(Unaudited)	(Unaudited)	(Audited)
Creditable withholding tax	₱1,662,976	₱1,958,615	₱1,718,437
Input VAT	1,406,771	1,240,251	1,622,366
Financial assets at FVPL	100,919	105,019	114,154
Prepaid insurance	16,936	16,935	16,934
	<b>₱3,187,602</b>	<b>₱3,320,820</b>	<b>₱3,471,891</b>

## 7. Financial Assets at Fair Value

This account consists of:

	September 30		December 31,
	2018	2017	2017
	(Unaudited)	(Unaudited)	(Audited)
Managed funds	₱426,513,324	₱471,316,293	₱463,989,483
Quoted bonds	294,625,574	306,063,836	314,509,831
Quoted shares of stock	118,433,783	97,369,251	98,121,190
Club memberships	2,700,000	2,700,000	2,700,000
	<b>₱842,272,681</b>	<b>₱877,449,380</b>	<b>₱879,320,504</b>

Investments in quoted bonds earn interest ranging from 3% to 8% a year.

Interest income earned from financial assets at fair value amounted to ₱4.4 million and ₱2.0 million for the quarters ended September 30, 2018 and 2017, respectively (see Note 3).

Dividend income earned from financial assets at fair value amounted to ₱0.3 million and ₱1.0 million for the quarters ended September 30, 2018 and 2017, 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 2018 and 2017.

## 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:

	September 30		December 31,
	2018 (Unaudited)	2017 (Unaudited)	2017 (Audited)
<b>Cost</b>			
Balance at beginning and end of period	₱164,772,000	₱164,772,000	₱164,772,000
Disposal	(164,772,000)	-	-
Balance at the end of the period	-	164,772,000	164,772,000
<b>Accumulated Depreciation</b>			
Balance at beginning of period	61,123,296	56,804,600	56,804,600
Depreciation	1,373,100	3,239,022	4,318,696
Disposal	(62,496,396)	-	-
Balance at end of period	-	60,043,622	61,123,296
<b>Carrying Amount</b>	<b>₱-</b>	<b>₱104,728,378</b>	<b>₱103,648,704</b>

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 nine months ended September 30, 2018 and 2017 are recognized from the following:

	Note	2018 (Unaudited)	2017 (Unaudited)
Investment property		₱1,373,100	₱3,239,022
Property and equipment	9	300,591	82,279
		<b>₱1,673,691</b>	<b>₱3,321,301</b>

Depreciation expense from investment property for is recorded as part of cost of services in 2018 and as part of general and administrative expenses in 2017.

The investment property was sold in 2018 for ₱201.3 million, resulting to a gain on disposal amounting to ₱99.1 million.

## 9. Property and Equipment

This account consists of:

September 30, 2018 (Unaudited)					
	Transportation Equipment	Furniture and Fixtures	Office Equipment	Office Improvement	Total
<b>Cost</b>					
Balance at beginning of year	₱5,011,638	₱3,528,775	₱1,460,923	₱39,325	₱10,040,661
Disposal	–	–	(273,193)	–	(273,193)
Balance at end of year	5,011,638	3,528,775	1,187,730	39,325	9,767,468
<b>Accumulated Depreciation</b>					
Balance at beginning of year	4,941,045	3,528,775	1,009,694	39,325	9,518,839
Depreciation	17,460	–	283,131	–	300,591
Disposal	–	–	(273,193)	–	(273,193)
Balance at end of year	4,958,505	3,528,775	1,019,632	39,325	9,546,237
<b>Carrying Amount</b>	<b>₱53,133</b>	<b>₱–</b>	<b>₱168,098</b>	<b>₱–</b>	<b>₱221,231</b>

September 30, 2017 (Unaudited)					
	Transportation Equipment	Transportation Equipment	Transportation Equipment	Transportation Equipment	Transportation Equipment
<b>Cost</b>					
Balance at beginning of year	₱4,950,745	₱3,528,775	₱942,212	₱39,325	₱9,461,057
Additions	60,893	–	101,498	–	162,391
Balance at end of year	5,011,638	3,528,775	1,043,710	39,325	9,623,448
<b>Accumulated Depreciation</b>					
Balance at beginning of year	4,923,585	3,528,775	906,072	39,325	9,397,757
Depreciation	17,460	–	64,819	–	82,279
Balance at end of year	4,941,045	3,528,775	970,891	39,325	9,480,036
<b>Carrying Amount</b>	<b>₱70,593</b>	<b>₱–</b>	<b>₱72,819</b>	<b>₱–</b>	<b>₱143,412</b>

December 31, 2017 (Audited)					
	Transportation Equipment	Furniture and Fixtures	Office Equipment	Office Improvement	Total
<b>Cost</b>					
Balance at beginning of year	₱4,950,745	₱3,528,775	₱942,212	₱39,325	₱9,461,057
Additions	60,893	–	518,711	–	579,604
Balance at end of year	5,011,638	3,528,775	1,460,923	39,325	10,040,661
<b>Accumulated Depreciation</b>					
Balance at beginning of year	4,923,585	3,528,775	906,072	39,325	9,397,757
Depreciation	17,460	–	103,622	–	121,082
Balance at end of year	4,941,045	3,528,775	1,009,694	39,325	9,518,839
<b>Carrying Amount</b>	<b>₱70,593</b>	<b>₱–</b>	<b>₱451,229</b>	<b>₱–</b>	<b>₱521,822</b>

## 10. Business Combination

### Acquisition and Disposal of EDSSI

On December 5, 2017, the Group, through PMEI, obtained control of EDSSI, a security manpower agency, by acquiring 82.69 percent of EDSSI's outstanding shares and voting interest for a total consideration of ₱3.7 million. Subscriptions payable related to the acquisition amounted to nil and ₱1.7 million as at September 30, 2018 and December 31, 2017, respectively (see Note 11).

The identifiable assets and liabilities of EDSSI at the date of acquisition are as follows:

Cash	₱1,085,590
Receivables	466,796
Property and equipment	242,117
	<b>₱1,794,503</b>

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

Total consideration transferred	₱3,721,000
Non-controlling interest	778,990
Fair value of net identifiable assets	(1,794,503)
<b>Goodwill</b>	<b>₱2,705,487</b>

On May 17, 2018, the Group disposed of its investment in EDSSI for ₱3.0 million, before deducting subscriptions payable and related party advances, resulting to gain on disposal of ₱25,076. Accordingly, the goodwill related to the acquisition of EDSSI amounting to ₱2.7 million was derecognized in 2018.

#### **Goodwill**

Goodwill pertains to the acquisition of the following subsidiaries:

	September 30		December 31,
	2018 (Unaudited)	2017 (Unaudited)	2017 (Audited)
PSTI	₱1,319,429	₱1,319,429	₱1,319,429
EDSSI	-	-	2,705,487
	<b>₱1,319,429</b>	<b>₱1,319,429</b>	<b>₱4,024,916</b>

Management assessed that the recoverable amount of PSTI and EDSSI, the CGUs to which the goodwill is allocated, exceeds its carrying amount. In estimating the related value in use, management used a cash flow projection based on past performance of the acquiree covering a five-year period at a discount rate of 4.44% in 2017. Cash flows beyond that five-year period have been extrapolated using the Group's average historical growth rate.

No impairment on goodwill was recognized in 2018 and 2017.

#### **11. Accrued Expenses and Other Payables**

This account consists of:

	September 30		December 31,
	2018 (Unaudited)	2017 (Unaudited)	2017 (Audited)
Accrued expenses	₱6,337,052	₱986,594	₱1,733,065
Statutory payables	2,605,000	855,251	1,075,694
Subscription payable	-	-	1,721,000
	<b>₱8,942,052</b>	<b>₱1,841,845</b>	<b>₱4,529,759</b>

Accounts payable are noninterest-bearing and are normally settled on a 30-day credit term.

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

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

Subscriptions payable pertains to amount of payable to the previous stockholders of EDSSI.

## 12. Revenue

This account consists of:

		Quarter ended September 30		Nine Months ended September 30	
		2017		2017	
		(Unaudited and restated - Note		(Unaudited and restated - Note	
	Note	2018 (Unaudited)	7)	2018 (Unaudited)	7)
Interest income	3	₱5,997,797	₱4,727,816	₱21,626,432	₱15,590,586
Rent income		105,600	–	4,359,200	–
Service fees		–	–	3,414,586	–
Retainer fee		1,076,036	1,072,839	3,177,107	2,955,732
Dividend income	7	295,192	992,010	3,032,778	1,878,517
Transfer fee		23,755	45,694	134,630	98,030
Gain on sale of FVOCI financial assets	7	–	–	–	3,677,485
Miscellaneous		50,000	10,000	144,131	100,000
		<b>₱7,548,380</b>	<b>₱6,848,359</b>	<b>₱35,888,864</b>	<b>₱24,300,350</b>

### Retainer Fee

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

### Service Fees

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 for the establishment of a hybrid power system in Pag-asa Island for the Armed Forces of the Philippines' project (the Pag-asa Island Project). PMEI was the manager of the Project. INSPECIT supplied, installed and maintained all equipment for the Project. POTC and COMTSI provided their technical expertise and equipment for the Project.

As at December 31, 2016, the Project has been completed. Service fees earned from the Project amounting to ₱15.2 million and cost of services related to the service fees amounting to ₱9.0 million were recognized in the nine months ended September 30, 2016 (see Note 13).

### 13. Costs and Expenses

This account consists of:

	Note	Quarter ended September 30		Nine Months ended September 30	
		2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
<b>Cost of Services:</b>					
Salaries and other benefits		<b>₱279,447</b>	₱295,028	<b>₱964,571</b>	₱943,181
Transportation		<b>53,755</b>	46,035	<b>53,755</b>	115,520
Communication, light and water		<b>28,895</b>	39,530	<b>28,895</b>	167,991
Depreciation	8	–	728	<b>1,455</b>	26,953
Outside services	12	–	–	<b>2,962,877</b>	–
Loss on sale of financial assets at FVTOCI		–	–	<b>32,113</b>	–
Repairs and maintenance		–	–	–	–
		<b>362,097</b>	381,321	<b>4,043,666</b>	1,253,645
<b>General and administrative expenses:</b>					
Professional fee		<b>3,159,822</b>	2,792,123	<b>9,455,234</b>	9,477,580
Directors' fee	16	<b>1,560,000</b>	1,695,000	<b>4,720,000</b>	5,085,000
Legal fee		<b>17,630</b>	1,111,744	<b>1,595,764</b>	1,955,282
Depreciation	8	<b>1,454</b>	1,100,056	<b>1,672,963</b>	3,294,348
Dues and subscription		<b>41,100</b>	577,494	<b>719,678</b>	1,971,778
Rent expense	17	<b>369,820</b>	328,387	<b>1,109,459</b>	1,096,321
Transportation and travel		<b>421,270</b>	310,002	<b>1,016,873</b>	833,039
Representation and entertainment		<b>193,574</b>	211,324	<b>696,423</b>	1,682,853
Insurance		–	176,097	<b>142,825</b>	539,335
Repairs and maintenance		–	163,848	<b>274,390</b>	467,764
Taxes and licenses		<b>20,187</b>	131,454	<b>1,001,638</b>	1,890,875
Communication, light and water		<b>52,721</b>	48,322	<b>223,099</b>	152,077
Provision for (reversal of) impairment of input VAT		–	–	–	(69,413)
Others		<b>183,092</b>	54,186	<b>541,678</b>	403,855
		<b>6,020,670</b>	8,700,037	<b>23,170,024</b>	28,780,694
		<b>₱6,382,767</b>	₱9,081,358	<b>₱27,213,690</b>	₱30,034,339

## 14. 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)	
			Nine Months ended	Nine Months ended	September 30, 2018	September 30, 2017
			September 30, 2018 (Unaudited)	September 30, 2017 (Unaudited)	September 30, 2018 (Unaudited)	September 30, 2017 (Unaudited)
<b>Presented under "Due from Related Parties"</b>						
Montemar Beach						
Club, Inc. (MBCI)	Company under common control	Cash advances	(P2.5)	(P5.0)	P30.0	P13.5
		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	–	0.8	–	–
					P30.3	P13.8
<b>Presented under "Due to a Related Party"</b>						
Philcomsat	Immediate parent	Cash advances	(P3.0)	(P4.5)	P 6.6	P–
<b>Included under "Deposit for Future Stock Subscription"</b>						
Philcomsat	Immediate parent	Excess of subscription	P–	P–	P18.9	P18.9

### Terms of Cash Advances to Related Parties

Cash advances to 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 12<sup>th</sup> Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Ave., Makati City. The lease term is for one year and is renewable under mutual agreement of both parties. Rent expense amounted to P0.8 million for the nine months ended September 30, 2017 and 2016.

### Compensation of Key Management Personnel

Compensation of the key management personnel of the Parent Company consists of directors' fees amounting to P5.6 million for the nine months ended September 30, 2018 and 2017 (see Note 14).

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

## 15. Leases

### The Group as a Lessor

The Parent Company leased a portion of its condominium unit located at 2<sup>nd</sup> Floor Pacific Star Building, Gil Puyat Avenue, Makati City to Insbrooks Holdings Co., Inc. Monthly rental amounted to P1.2 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 September 30, 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 September 30, 2017 and December 31, 2016, the Group has no outstanding commitments under non-cancellable operating leases.

**16. Income Tax**

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

	Quarter ended September 30		Nine Months ended September 30	
	2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
RCIT	₱200,822	₱38,972	₱19,117,890	₱27,719,935
MCIT	(16,441)	–	16,549	–
	<b>₱184,381</b>	<b>₱38,972</b>	<b>₱19,134,439</b>	<b>₱27,719,935</b>

The Parent Company’s income tax was computed using Optional Standard Deduction (OSD) in 2018 and 2017.

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

	Quarter ended September 30		Nine Months ended September 30	
	2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
Income tax (benefit) at statutory rate	₱353,157	(₱676,144)	₱33,395,821	₱43,653,698
Difference between OSD and itemized deductions	2,562,188	2,621,150	(6,766,118)	(11,249,183)
Change in unrecognized deferred tax assets	(3,141,670)	4,803	(4,330,488)	1,786
Add (deduct) tax effects of:				
Interest income already subjected to final tax	(2,498,541)	(1,324,589)	(5,408,263)	(3,915,621)
Expired NOLCO	4,112,213	–	4,112,213	–
Dividend income	(1,060,108)	(278,325)	(909,834)	(494,502)
Nondeductible expenses	(141,265)	20,824	–	–
	<b>₱185,974</b>	<b>₱367,719</b>	<b>₱20,093,331</b>	<b>₱27,996,178</b>

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

	September 30		December 31,
	2018	2017	2017
	(Unaudited)	(Unaudited)	(Audited)
Deferred tax assets:			
NOLCO	₱187,288	₱193,682	₱98,136
MCIT	98,136	98,136	93,271
Allowance for doubtful accounts	17,400	17,400	17,400
	<b>302,824</b>	<b>309,218</b>	<b>208,807</b>
Deferred tax liabilities:			
Unrealized foreign exchange gain	(1,054,905)	–	–
Accruals	–	(27,996)	(2,673)
	<b>(1,054,905)</b>	<b>(27,996)</b>	<b>(2,673)</b>
	<b>(₱752,081)</b>	<b>₱281,222</b>	<b>₱206,134</b>

The Parent Company did not recognize deferred tax assets amounting to ₱5.9 million as at September 30, 2018 and December 31, 2017, 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:

	September 30		December 31,
	2018	2017	2016
	(Unaudited)	(Unaudited)	(Audited)
NOLCO	₱–	₱5,852,277	₱5,852,277
Unrealized foreign exchange loss	–	1,786	–
	<b>₱–</b>	<b>₱5,854,063</b>	<b>₱5,852,277</b>

#### 17. Aging of Accounts Receivable

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

	September 30, 2018			
	Neither Past Due nor Impaired	Past Due but not Impaired		Total
		30 Days	More than 60 Days	
Trade	₱6,282,081	₱–	₱–	₱6,340,081
Notes	100,271,590	–	–	100,271,590
Accrued revenue	4,349,601	–	–	4,349,601
Advances subject to liquidation	3,693,168	–	–	3,693,168
Interest receivable	3,636,327	–	–	3,636,327
Nontrade receivables	500,000	–	–	–
Dividend receivable	114,348	–	–	114,348
Due from related parties	30,311,793	–	–	30,311,793
	<b>₱149,158,908</b>	<b>₱–</b>	<b>₱–</b>	<b>₱149,158,908</b>

	September 30, 2017			
	Neither Past Due nor Impaired	Past Due but not Impaired		Total
		30 Days	More than 60 Days	
Trade	P1,194,461	P--	P--	P1,194,461
Notes	241,016,956	--	--	241,016,956
Advances subject to liquidation	3,283,543	--	--	3,283,543
Interest receivable	3,252,735	--	--	3,252,735
Dividend receivable	40,391	--	--	40,391
Due from related parties	13,811,793	--	--	13,811,793
	<b>P262,599,879</b>	<b>P--</b>	<b>P--</b>	<b>P262,599,879</b>

	December 31, 2017			
	Neither Past Due nor Impaired	Past Due but not Impaired		Total
		30 Days	More than 60 Days	
Trade	P1,473,757	P--	P--	P1,473,757
Notes	230,483,544	--	--	230,483,544
Accrued revenue	4,349,601	--	--	4,349,601
Advances subject to liquidation	40,391	--	--	40,391
Interest receivables	3,880,934	--	--	3,880,934
Dividend receivable	2,677,486	--	--	2,677,486
Due from related parties	27,811,793	--	--	27,811,793
	<b>P270,717,506</b>	<b>P--</b>	<b>P--</b>	<b>P270,717,506</b>

## 18. Civil Cases

An action was filed in the Sandiganbayan by a group claiming to be directors and officers of POTC and Philcomsat seeking to enjoin the present directors and officers of POTC and Philcomsat from representing themselves as 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).

## 19. Litigation

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

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

PHC, through the valid and incumbent directors (Bildner Group) filed a Motion for Issuance of Writ of Execution with the Regional Trial Court (RTC) of Makati Branch 138 as court of origin, following the final resolution of SC declaring the election of Locsin Group as PHC's officers and directors. Accordingly, the SC ordered the Locsin Group to render an accounting and return of funds allegedly received from the Company. An Order granting the Motion was issued on February 20, 2017, resulting to the issuance of the Writ of Execution on February 28, 2017. On January 9, 2018, PHC filed a manifestation for the implementation of the Writ of Execution. On February 9, 2018, an Order was issued directing PHC, within thirty (30) days from receipt, to submit its preferred accounting firm who will conduct the accounting of all funds and other assets received from POTC, PHC and Philcomsat since September 2004. On February 22, 2018, PHC filed its Ex-Parte Manifestation and Motion, in compliance with the said Order. On July 11, 2018, the Sheriff of the Office of the Clerk of Court of Makati served the Writ of Execution to Manuel Andal, Benito Araneta, Philip Brodett, Enrique Locsin, Concepcion Poblador and Johnny Tan.

On May 2, 2017, the Presidential Commission on Good Government (PCGG) and Locsin filed with the Court of Appeals (CA) a Petition for Certiorari and Prohibition with Very Urgent Prayer for Issuance of Temporary Restraining Order and/or Writ of Preliminary Injunction assailing the Order dated February 20, 2017 issued by the RTC. On January 30, 2018, the CA issued a Decision dismissing the Petition. On February 22, 2018, PCGG and Locsin filed their Motion for Reconsideration with Motion to Exclude the PCGG from the instant Petition, which are both denied in a Resolution dated June 27, 2018. On August 8, 2018, PCGG filed its Motion for Reconsideration on the denial of its Motion for Exclusion. On October 29, 2018, Philcomsat filed its Opposition thereto. The said Motion for Reconsideration is still pending to date.

Meanwhile, PCGG and Locsin filed a Petition for Review with the Supreme Court (SC) questioning the Decision issued by the CA dated January 30, 2018, which dismissed their Appeal.

Separately, Brodett filed his Petition for Certiorari under Rule 65 with the CA assailing the Order issued by the RTC, which denied his Motion for Clarification on the issue of rendering an accounting of the funds. The CA denied his Petition on the ground that clarification may only be allowed if the order involves a clerical error but not when it is an alleged erroneous judgment or dispositive portion of the decision. Since Brodett's Motion for Clarification was raised questioning the grant of a writ of execution, the CA held that it cannot be subject of a motion for clarification. On December 15, 2017, the CA's dismissal was issued and the case was considered terminated. Brodett still filed his Motion for Reconsideration, which was denied on May 10, 2018. Brodett elevated the matter to the SC via Petition for Review but the SC denied the same in a Resolution dated August 29, 2018.

- **Complaint for Collection Against Araneta and Lokin**

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

On February 2, 2017, a Decision was issued finding Araneta and Lokin liable to pay PHC a) actual damages in the sum of P31.5 million plus legal interest of 6% computed from May 26,

2010, the time of judicial demand until fully paid; b) P200,000 as and by way of exemplary damages; and c) P200,000 as and by way of attorney's fees, plus costs of suit. Araneta and Lokin filed their Notices of Appeal on September 6 and September 8, 2017, respectively.

On January 16, 2018, the Court of Appeals (CA) required defendants to file Appellant's Brief within 45 days from receipt thereof. On April 20, 2018 and May 7, 2018, PHC received Lokin and Araneta's Appellant's Briefs, respectively. On June 5, 2018, PHC filed its Appellee's Brief. On September 18, 2018, PHC filed a Compliance submitting proof of service of its Appellee's Brief to defendants in accordance with the CA's Resolution dated July 2, 2018.

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

On June 14, 2016, an Order was issued allowing Brodett to present his defense only with respect to the P27.0 million and P9.3 million which allegedly came from PHC funds and not in the whole amount of P66.8 Million. On July 1, 2016, a Motion for Reconsideration of the said Order was filed by the Private Prosecutor (Parent Company). On August 30, 2016, the Private Prosecutor (Parent Company) filed a Reply to Brodett's Comment/Opposition dated August 25, 2016. The presentation of defense evidence has already been concluded. On June 5, 2018, the accused filed their Formal Offer of Evidence, which was partially admitted by the Court on 28 August 2018. The prosecution is set to present rebuttal evidence thereafter.

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

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

- Criminal Complaint Against 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 the accused for alleged excessive amounts of salaries and bonuses from the Parent Company for their personal gain, and in clear violation of Memorandum Circulars which limit the salary received by public officials. The Ombudsman filed Informations for Violation of the Anti-Graft and Corrupt Practices Act on December 7, 2011 against both Andal and Locsin with the Sandiganbayan for receiving a total of P15.0 million and P11.0 million, respectively, from 2003 to 2005, from the Parent Company.

Due to the need for the prosecution's witness to identify, and testify on, voluminous accounting records showing the guilt of the accused, the Court ordered the parties to enter into a stipulation of facts to expedite the proceedings. Andal, through counsel, stipulated on the facts propounded by the Prosecution. During the hearing on September 28, 2017, Locsin, through counsel, asked for time to study the prosecution's documents. On July 17, 2018, the prosecution's witness completed her testimony.

The prosecution has already filed its Formal Offer of Evidence and rested its case. The accused are set to present their defense evidence on the next scheduled hearings set.

- Criminal Complaint Against Concepcion A. Poblador

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

On January 7, 2014, the Parent Company filed a Petition for Certiorari praying that the DOJ file new information against Ms. Poblador for estafa for the total amount of P16.7 million. On January 10, 2014, the Parent Company received a Petition for Certiorari filed by Ms. Poblador seeking the reversal of the Resolution directing the filing of an Information for estafa against her for P0.2 million. On August 29, 2014, the two Petitions were consolidated.

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

Based on the Resolution of the Court requiring the parties anew to file their respective Memorandum, PHC's (2<sup>nd</sup>) Memorandum was filed on 13 December 2017, within the extended period prayed for.

Under date of 29 November 2017, Poblador filed a Manifestation adopting her previous Memorandum dated 22 December 2014 as her compliance with the Resolution dated 11 October 2017. The Office of the Solicitor General filed a Manifestation and Motion under date of 24 November 2017 asking that the DOJ Secretary be excused from filing a Memorandum.

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 September 30, 2018 and 2017 are as follows:

<b>Performance Indicator</b>	<b>Formula</b>	<b>September 30, 2018</b>	<b>September 30, 2017</b>
<i>Liquidity</i>			
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	30.57:1	104.85:1
<i>Leverage</i>			
Debt to Equity Ratio	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$	0.03:1	0.02:1
Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	1.03:1	1.02:1
<i>Profitability</i>			
Gross Profit Ratio	$\frac{\text{Gross Profit}}{\text{Revenue}}$	95%	94%
Net Profit Ratio	$\frac{\text{Net Profit}}{\text{Revenue}}$	13%	(38%)
Return on Assets	$\frac{\text{Net Income}}{\text{Total Assets}}$	0.070%	(0.193%)
Return on Equity	$\frac{\text{Net Income}}{\text{Total Equity}}$	0.072%	(0.196%)
<i>Efficiency</i>			
Operating Expense Ratio	$\frac{\text{Operating Expenses}}{\text{Gross Operating Income}}$	5.17:1	(2.7):1

Liquidity

The Company's current ratio as at September 30, 2018 is lower than that of the same period in the previous year. Although current assets increased considerably due to the sale of the Group's investment property, the higher degree of increase in current liabilities due to higher accounts and statutory payables accounted for the lower ratio. However, this ratio, even if lower in the current period, still reflects a high liquidity position.

Leverage

There has been negligible change in the Group's leverage ratios in 2018. The ratios show that the Group's assets are more than adequate to cover its liabilities.

Profitability

Change in gross profit ratio of the Group between the current and prior period is negligible. The Company's gross profit reflects a very high profitability position of the Group. Moreover, increase of net profit ratio for the quarter ended September 30, 2018 is due to non-incurrence of depreciation expense related to sale of investment property.

### **Results of Operations**

From 2000 to 2010, the Corporation was involved in an intra-corporate feud between the Brodett-Araneta-Lokin-Lochin-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. The Company's investment property, specifically its condominium unit located at the 2/F of the Pacific Star Building on Sen. Gil Puyat Avenue, Makati City, generated rental income until April this year when the same property was sold.

The following table shows the results of the Company's operations for the quarters ended September 30, 2018 and 2017:

Results of Operations	For the quarters ended		Increase/ (Decrease)	YoY Change (%)
	September 30, 2018	September 30, 2017		
Revenues	₱7,548,380	₱6,848,359	₱700,021	10.22%
Expenses	6,382,767	9,081,358	(2,698,591)	(5.04%)
Income from operations	₱1,165,613	(₱2,232,999)	₱3,398,612	(152.20%)

The Company recorded higher income from operations for the quarter ended September 30, 2018 than the same period in 2017. This is due to higher interest income brought about by increasing interest rates, and increase in the Group's money market placements, where the proceeds from sale of investment property was placed. Expenses increased due to the percentage of completion accrual of the Group's ongoing service contract with the government.

**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  | Sale of the PHC's investment property and sale of one of PMEI's subsidiary.  |
| 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 the Group's cash equivalents and financial assets at fair value was due to the proceeds from sale of its investment property.  |
| viii. | Any seasonal aspects that had a material effect on the financial condition or results of operations.   | None   |

**List of Top 20 Stockholders as of September 30, 2018**

<b>Rank</b>	<b>Name</b>	<b>Number of Common Shares</b>
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
<b>TOTAL NO. OF SHARES</b>		<b>985,808,198</b>

As at September 30, 2018, the members of Board of Directors/Key Officers of Philcomsat Holdings Corporation are as follows:

Katrina Ponce Enrile	Chairman/EVP
Ramon Jacinto	Director and CEO/President
Erlinda I. Bildner	Director and CFO/Treasurer
Daniel C. Gutierrez	Director
Pablo L. Lobregat	Director
Marietta K. Ilusorio	Director
Jose Ramon C. Ozamiz	Director
Santiago J. Ranada,	Director
Prudencio C. Somera, Jr.	Director
Julie Y. Daza	Director
Oliverio L. Laperal, Jr.	Director
Manolita L. Morales	Assistant Treasurer
Loma Patajo-Kapunan	Chief Legal Counsel/Compliance Officer
Victoria C. de los Reyes	Corporate Secretary
John Benedict L. Sioson	Assistant Corporate Secretary/
	Corporate Information Officer
	Assistant Compliance Officer /
Bernadette Y. Blanco	Investor Relations Officer