

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)
Aug 2, 2021
2. SEC Identification Number
22401
3. BIR Tax Identification No.
000-491-007
4. Exact name of issuer as specified in its charter
PRIME MEDIA HOLDINGS, INC.
5. Province, country or other jurisdiction of incorporation
Manila, Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
16TH FLOOR BDO TOWERS VALERO, 8741 PASEO DE ROXAS MAKATI CITY
Postal Code
1227
8. Issuer's telephone number, including area code
8831-4479
9. Former name or former address, if changed since last report
-
10. Securities registered pursuant to Sections 8 and 12 of the SRC 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	700,298,616
PREFERRED	14,366,260

11. Indicate the item numbers reported herein
Item 9 Other Events

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.

Prime Media Holdings, Inc.

PRIM

PSE Disclosure Form BL-1 - Comprehensive Corporate Disclosure on Backdoor Listing *Reference: Rules on Backdoor Listing*

Subject of the Disclosure

Memorandum of Agreement between Prime Media Holdings Inc. ("PRIM" or the "Company") and Michelle Ayangco and Hermogene Real ("PCMC Shareholders"), the majority stockholders of Philippine CollectiveMedia Corporation ("PCMC")

Background/Description of the Disclosure

On July 30, 2021, PRIM and the majority stockholders of PCMC, namely, Michelle Ayangco and Hermogene Real ("PCMC Shareholders"), entered into a Memorandum of Agreement wherein the PCMC Shareholders shall jointly subscribe to One Billion Six Hundred Seventy Nine Million Nine Hundred Sixty Six Thousand Four Hundred (1,679,966,400) common shares of the Company to be issued from an increase in authorized capital stock which shall be paid in the form of PCMC shares based on third-party appraisal, subject to confirmation by a third-party fairness opinion and other closing conditions, in order to obtain the business, assets and ownership of PCMC. After the transaction, the PCMC Shareholders will gain control and majority ownership of approximately 70% of outstanding capital stock of the Company. On the other hand, PCMC will become a subsidiary of PRIM.

Date of Approval by Board of Directors	Jul 28, 2021
Date of Approval by Stockholders	TBA
Other Relevant Regulatory Agency, if applicable	The Securities and Exchange Commission
Date of Approval by Relevant Regulatory Agency	TBA
Date of Approval by Securities and Exchange Commission, if applicable	TBA

Comprehensive Corporate Disclosure

The nature and description of the proposed transaction, including the timetable for implementation, and related regulatory requirements if applicable

Michelle Ayangco and Hermogene Real (“PCMC Shareholders”) shall subscribe to One Billion Six Hundred Seventy Nine Million Nine Hundred Sixty Six Thousand Four Hundred (1,679,966,400) shares out of an increase in authorized capital stock of the Company at the subscription price and par value of One Peso (Php 1.00) per share (the “Price Per Share”) or total subscription price of One Billion Six Hundred Seventy Nine Million Nine Hundred Sixty Six Thousand Four Hundred Pesos (Php 1,679,966,400.00). For and in consideration of the said Subscription, the PCMC Shareholders shall assign, transfer and deliver to the Company a total of Three Hundred Forty Nine Thousand Nine Hundred Ninety Three (349,993) PCMC shares (the “PCMC Shares”) at an agreed value of One Billion Six Hundred Seventy Nine Million Nine Hundred Sixty Six Thousand Four Hundred Pesos (Php 1,679,966,400.00) as supported by a third-party appraisal report, subject to confirmation by a third-party fairness opinion and other closing conditions.

The transaction is subject to (a) approval of PRIM shareholders, (b) approval by Congress for change of controlling interest in PCMC as required in Republic Act No. 9773 as amended by Republic Act No. 11508, (c) approval of the increase in capital stock by the Securities and Exchange Commission, (d) issuance of the Certificate Authorizing Registration by the Bureau of Internal Revenue for transfer of PCMC shares to the Company; (e) approval by the PSE of the listing of the subscribed shares.

The shareholders’ meeting of the Company is set on September 22, 2021. As soon as approved, the Subscription Agreement and Deed of Exchange/ Assignment shall be executed and the necessary application for the increase in Authorized Capital Stock and the amendments to the Articles of Incorporation shall be filed with the Securities and Exchange Commission (SEC) sometime October 2021. The Company expects SEC approval and issuance of the Certificate Authorizing Registration before the end of the year.

PCMC will apply for congress approval for change of controlling interest on or before the end of August and expects to secure the approval on or before the end of the year.

The transaction is not subject to PCC approval or notification as the transaction value is below the threshold.

The reason/purpose of the transaction including the benefits which are expected to be accrued to the listed issuer as a result of the transaction

The purpose of the transaction is to transform the Company into a viable and operational business entity and address its capital deficiency, negative equity, and non-operation. The transaction will result to folding-in of PCMC into the Company thereby making PCMC a subsidiary of the Company. With the national franchise of PCMC, the Company can engage in an active business of mass media and further leverage its franchise and network for use by existing content providers in need of broadcasting rights.

The aggregate value of the consideration, explaining how this is to be satisfied, including the terms of any arrangements for payment on a deferred basis

The subscription with a total consideration of One Billion Six Hundred Seventy Nine Million Nine Hundred Sixty Six Thousand Four Hundred Pesos (Php 1,679,966,400.00), shall be satisfied by PCMC Shareholders’ assignment, conveyance, transfer and delivery of 349,993 PCMC shares which effectively transfers the assets, business and ownership of PCMC to PRIM.

The basis upon which the consideration or the issue value was determined

The contemplated transaction involves the fold-in of PCMC into the Company. The Subscription Price at par value of PhP 1.00 per share is premium over the Company’s current book value of negative 0.23 centavos (PhP-0.23) per share according to the Company’s Audited Financial Statement ending December 31, 2020. The valuation of PCMC shares, on the hand, is based on third-party appraisal report.

For cash considerations, the detailed work program of the application of proceeds, the corresponding timetable of disbursements and status of each project included in the work program. For debt retirement application, state which projects were financed by debt being retired, the project cost, amount of project financed by debt and financing sources for the remaining cost of the project

PRIM currently has no operations. It has capital deficit and negative equity.

The transaction will allow the Company to obtain the assets, business, control and majority ownership of PCMC, which will result to PCMC becoming a subsidiary of the Company.

With the acquisition of the assets and businesses of PCMC, the Company will become a commercially operational company having a going-concern status with a potentially profitable and viable business.

The Company intends to expand the business of PCMC. With PCMC's national franchise, the Company may use this as leverage to provide other content providers an avenue to broadcast their contents regionally and nationwide. The Company views the present transaction as an opportunity with the limited national media franchise granted by Congress and the growing need for media broadcasting.

The listed company must present a statement of active business pursuits and objectives which details the steps undertaken and proposed to be undertaken by the Issuer in order to advance its business

PRIM currently has no operations. It has capital deficit and negative equity.

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The Company intends to expand the business of PCMC. With PCMC's national franchise, the Company may use this as leverage to provide other content providers an avenue to broadcast their contents regionally and nationwide. The Company views the present transaction as an opportunity with the limited national media franchise granted by Congress and the growing need for media broadcasting.

Effects in the listed company before and after the transaction on the following:

Increase in authorized capital stock

From	PhP 5,000,000,000 (divided into PhP 3,000,000,000.00 Common Shares, PhP 1,000,000,000.00 Preferred Series A, and PhP 1,000,000,000.00 Preferred Shares Series B)
To	PhP7,000,000.00, (all common shares)

Nature of business

From	Holding Company
To	Holding Company

Corporate Name

From	Prime Media Holdings Inc.
To	Prime Media Holdings Inc.

Board of Directors

Name	(Regular or Independent)
Manolito A. Manalo	Regular
Bernadeth A. Lim	Regular
Juan Victor S. Valdez	Regular
Rolando S. Santos	Regular
Johnny Y. Aruego, Jr.	Independent
Francisco L. Layug III	Independent
1 Vacant seat	please see attached

Principal Officers

Name	Position/Designation
Manolito A. Manalo	President/ CEO

Bernadeth A. Lim	Vice-President	
Rolando S. Santos	Treasurer	
Maila Lourdes G. De Castro	Corporate Secretary	
Christopher Sam S. Salvador	Assistant Corporate Secretary	

Ownership structure

Principal Shareholders	Before		After	
	Number of shares	%	Number of shares	%
RYM Business Management Corp.	463,555,085	66.19%	463,555,085	19.47%
Mairete Asset Holdings Inc.	77,178,901	11.02%	77,178,901	3.24%
Michelle Ayangco	0	0	839,985,600	35.28%
Hermogene Real	0	0	839,980,800	35.28%

Capital structure**Issued Shares**

Type of Security /Stock Symbol	Before	After
Common/ PRIM	700,298,616	2,380,265,016
Preferred	14,366,260	0

Outstanding Shares

Type of Security /Stock Symbol	Before	After
Common/ PRIM	700,298,616	2,380,265,016
Preferred	14,366,260	0

Treasury Shares

Type of Security /Stock Symbol	Before	After
-	-	-

Listed Shares

Type of Security /Stock Symbol	Before	After
Common/ PRIM	663,713,458	2,380,265,016

Effect(s) on the public float, if any	After the transaction and issuance of the new shares, the public float will be reduced to approximately 6.73%. The Company commits to secure third party equity placement to comply with the required minimum public float.
Effect(s) on foreign ownership level, if any	The infusion of the media business will restrict foreign ownership. The Company will notify all foreign shareholders to trade or transfer their respective share to Filipino citizen. RYM Business Management Corp. as well as the PCMC Shareholders will likewise endeavor to acquire shares held by foreign stockholders.

Additional information on the unlisted company

Nature and business
<p>PCMC was incorporated in May 21, 2008 with a primary purpose of establishing and engaging in the business of radio and television broadcasting. It was granted a legislative franchise by virtue of Republic Act No. 9773 to cover Region VIII (Eastern Visayas). In 2020, its legislative franchise was amended by Republic Act No. 11508 to expand to national coverage.</p> <p>PCMC currently operates PRTV in Tacloban and 18 radio stations under FMR (Favorite Music Radio).</p>
Discussion of major projects and investments
Please refer to the attached Company Profile of PCMC.

List of subsidiaries and affiliates, with percentage holdings

Name of Subsidiary or Affiliate	% Ownership
None	0

Capital structure**Authorized capital stock**

Type of Security	Amount	Number of Shares
Common	35,000,000.00	350,000

Subscribed Shares

Type of Security	Amount	Number of Shares
Common	35,000,000.00	350,000

Paid-Up Capital

Amount	35,000,000.00
Number of Shares	350,000

Issued Shares

Type of Security	Amount	Number of Shares
Common	35,000,000.00	350,000

Outstanding Shares

Type of Security	Amount	Number of Shares
Common	35,000,000.00	350,000

Par Value

Type of Security	Amount
Common	100.00

Ownership Structure (including percentage holdings)

Name	Number of Shares	% Ownership
Michelle F. Ayangco	174,997	49.99
Hermogene H. Real	174,996	49.99
Cheryl I. Chu	1	0
Ma. Fe C. Siscar	1	0
Minda P. de Paz	1	0
Sofonias Ponce Gabonada Jr.	1	0
Glenn Jaro Capucion	1	0
Rachel Rodeles-Santiago	1	0
Bautista Corpin	1	0

Board of Directors

Name	(Regular or Independent)
Sofonias Ponce Gabonada, Jr.	Regular
Ma Fe C. Siscar	Regular
Glenn Jaro Capucion	Regular
Rachel Rodeles-Santiago	Regular
Bautista G. Corpin	Regular

Principal Officers

Name	Position/Designation
------	----------------------

Sofonias Ponce Gabonada, Jr.	President	
Ma Fe C. Siscar	Vice President	
Cheryl L. Chu	Treasurer	
Jane D. Sioson	Corporate Secretary	
Mary Norean C. Gabriela	Assistant Corporate Secretary	

The interest which the directors of the parties to the transaction have in the transaction

Atty. Hermogene Real is the President and majority shareholder of Mairete Asset Holdings Inc., who owns 11% of the Company. Rolando S. Santos is a director and officer of Mairete Asset Holdings Inc. and the Company. There are no other material relationships between or involving PCMC Shareholders and PRIM, its directors, officers and/or stockholders of all the parties to the transaction

The directors of PRIM have no personal interest in the transaction.

Statement as to the steps to be taken, if any, to safeguard the interests of the shareholders

The Company shall conduct a Shareholders' Meeting to secure approval of the transaction.

The consideration shall be based on third party appraisal report to be confirmed by third party fairness opinion.

Other Relevant Information

Ms. Michelle F. Ayangco is 48 years old. She graduated from Rizal Technological University with a degree in BS Accountancy. She is a Certified Public Accountant. She is the current President and Chairman of Sequioa Business Management Corporation, Director and Corporate Secretary of Palm Avenue Realty and Development Corporation, Director and Treasurer of Palm Avenue Holdings Company Inc. and the Corporate Secretary of Trans Middle East Philippine Equities Inc.

Atty. Hermogene H. Real is 65 years old. She graduated from the University of the Philippines with a degree in Bachelor of Laws. She was admitted to the Philippine Bar in 1998. She is the President of Mairete Asset Holdings Inc. and Southern Estates Integrated Park Inc. She serves as Director to Bright Kindle Resources and Investments Inc., Brightgreen Resources Corp., Southern Alluvial Minerals and Alumina Resources Inc., Benguetcorp. Laboratories Inc. She holds the position of Corporate Secretary in Benguet Corporation, Benguetcorp. Nickel Mines Inc., and Universal Re Condominium Corporation. She is likewise the Assistant Corporate Secretary of Doña Remedios Trinidad Romualdez Medical Foundation Inc.

For 2021 and 2022, PCMC intends to expand its radio stations to other provinces under the brand, Favorite Music Radio (FMR) as part of its objectives to have nationwide radio broadcasting coverage.

For television programming and stations, PCMC is looking into entering into business arrangement or partnership to collaborate with companies that have media content and facilities but cannot broadcast the same due to lack of franchise, which will enable it to broadcast nationwide.

The declassification of PRIM's preferred shares is in line with the cleaning-up efforts of management to remove liabilities arising out of its previous banking operations. Said declassification is likewise an undertaking of PRIM under its 30 July 2021 Memorandum of Agreement with the RYM Business Corp, and the majority shareholders of Philippine CollectiveMedia Corp. Hence, after the closing of transaction with PCMC, the preferred shares will now be zero and all will be converted to common shares. Currently, there is a total of 14,366,260 issued preferred shares subject to a conversion ratio of 25 preferred shares to 1 common share.

Filed on behalf by:

Name	Maila Lourdes De Castro
Designation	Corporate Secretary, Compliance Officer and Data Privacy Officer



REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
 SEC Building, EDSA, Greenhills
 City of Mandaluyong, Metro Manila

COMPANY REG. NO. CS200807578
 COMPANY TIN 007-037-006

CERTIFICATE OF INCORPORATION

KNOW ALL PERSONS BY THESE PRESENTS:

This is to certify that the Articles of Incorporation and By-Laws of

PHILIPPINE COLLECTIVEMEDIA CORPORATION

were duly approved by the Commission on this date upon the issuance of this Certificate of Incorporation in accordance with the Corporation Code of the Philippines (Batas Pambansa Blg.68), and copies of said Articles and By-Laws are hereto attached.

This Certificate grants juridical personality to the corporation but does not authorize it to undertake business activities requiring a Secondary License from this Commission such as, but not limited to acting as: broker or dealer in securities, government securities eligible dealer (GSED), investment adviser of an investment company, close-end or open-end investment company, investment house, transfer agent, commodity/financial futures exchange/broker/merchant, financing company, pre-need plan issuer, general agent in pre-need plans and time shares/club shares/membership certificates issuers or selling agents thereof. Neither does this Certificate constitute as permit to undertake activities for which other government agencies require a license or permit.

As a registered corporation, it shall submit annually to this Commission the reports indicated at the back of this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of this Commission to be affixed at Mandaluyong City, Metro Manila, Philippines, this 21st day of May, Two Thousand Eight.

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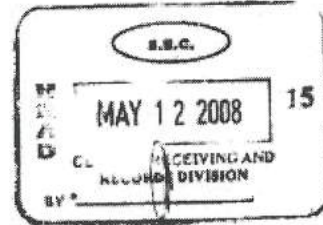
BENITO A. CATARAN
 Director 12:59:18 PM 05/21/2020

Company Registration and Monitoring Department

For SEC use only:
 022:00 (PSIC AS reserved)

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 Page 1 of 24 pages
 Verified by: [Signature] Date Issued: 05-24-20

(STOCK)



ARTICLES OF INCORPORATION

OF

PHILIPPINE COLLECTIVEMEDIA CORPORATION
(Name of Corporation)

Know All Men By These Presents:

The undersigned incorporators, all of legal age and majority of whom are residents of the Philippines, have this day voluntarily agreed to form a stock corporation under the laws of the Republic of the Philippines.

THAT WE HEREBY CERTIFY:

FIRST: The name of this corporation shall be:

PHILIPPINE COLLECTIVEMEDIA CORPORATION

SECOND: A. That the primary purpose of this corporation is

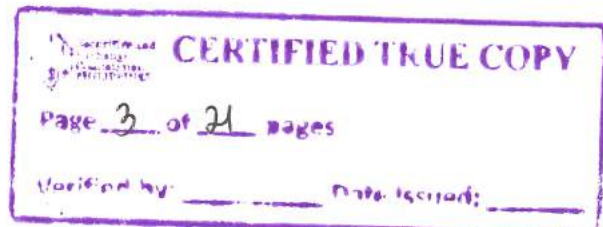
To engage in radio and television broadcasting, including particularly the conduct of commercial, non-commercial and semi-commercial radio and television broadcasting in all forms permitted by law, including the construction, installation, operation and maintenance of commercial, non-commercial and semi-commercial radio and television stations, and all types of radio and electronic transmission of sound and visual signals for entertainment, education, information, knowledge, or advertising, including the transmission of facsimile newspapers or other publications, or such other systems, facilities or structures for the origination, reception, transmission, broadcast, rebroadcast or distribution of audio, video, and other signals, and for the provision of enhanced services such as digital satellite broadcast, pay television and other similar services throughout the Philippines, through microwave, or other electromagnetic waves, satellite, or whatever means, including the use of new technologies in television and radio broadcasting, with the corresponding technological auxiliaries or facilities, special broadcast and other program and distribution services and relay stations, and such other systems as are essential or convenient to carry out the purpose of the Corporation.

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at attached instrument for [signature]

Handwritten notes and signatures on the left margin:
- *Caroline B. Coronel*
- *Mano - 11/1/08*
- *Mano*
- *[Signature]*



material suitable for radio-television film, stage, cinematographic or other allied uses and activity;

9. To engage in, and undertake the general management for any person and other judicial entity in carrying on any industrial enterprise or business of any nature, whatsoever, more particularly the business of printing and publishing and the operation of radio and television stations, systems, networks and establishments, except the management of funds, securities portfolio and other similar assets of the managed firm, corporation and entity;
10. To conduct a general advertising business through any advertising media, radio and television, either as principal or as an agent, including the preparation and arrangement of advertisement, the manufacture and construction of advertising devices and novelties, the installation, maintenance and operation of studios and acquisition of all necessary equipment for recordings and related businesses;
11. To carry on or conduct its business through any subsidiary company or managers or to enter into working arrangement with other corporation or business within the limit set by law;
12. To buy at wholesale, sell, manufacture, repair, alter and exchange, lease or hire, import, export and deal in and with all kinds of articles and things which may be required for the purpose of any of the said business or commonly used, supplied or dealt in or with by any person engaged in any of such business, or which may deem capable of being profitably dealt in connection therewith;
13. As principal, agent, commission, merchant, broker, factor, baffle, or consignee, to acquire by purchase or otherwise, own, hold, take or lease, or exchange property rights and privileges, suitable or convenient for any of the purposes or businesses of the corporation and to acquire by purchase or otherwise, dispose, improve and aid or subscribe toward the construction, acquisition or improvement of any factories, shops, storehouses, buildings, manufacturing and commercial establishments and other structures of every character, including all equipment, fixtures, machinery implements and supplies necessary or incidental to, or connected with, any of the purposes or businesses of the corporation;
14. To have one or more branch offices or agencies and to carry on any and all of its operations and businesses without any restrictions as to place or amount, including the rights to hold, purchase, or otherwise, deal in and with real and personal property anywhere within or outside the Philippines;
15. To apply for, or join in applying for, purchase or otherwise acquire, sell, exchange, assign or otherwise, dispose of, and protect, prolong, extend and revive here or elsewhere, any patent rights, inventions, improvements, processes, licenses, trademarks, trade names, marks or designs, protections and concessions used in connection with or secured under letter patent of the Philippines and other countries, and to use and turn to account, and to manufacture under or grant license or privileges to enter into obligations and contracts, agreements and cooperative relations not contrary to law in respect of the same, with any personal, national, juridical, governmental, municipal and otherwise;

Handwritten signatures and notes:
Judith Allen
Pedro Lopez
Caroline P. Gilmore
James
K...
-1 Road
Sumogaw

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Page 5 of 21 pages
Verified by _____ Date Issued: _____

B. That the corporation shall have all the express powers of a corporation as provided for under Section 36 of the Corporation Code of the Philippines.

THIRD: That the place where the principal office of the corporation is to be established is at :

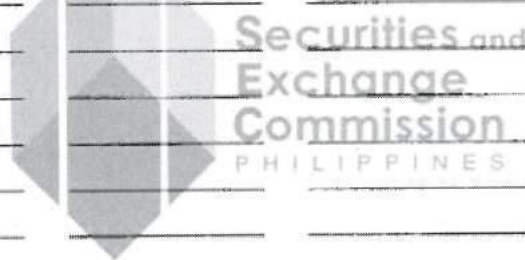
No./Street 106 Paseo de Roxas Street (If applicable)

City/Town Makati City Province Metro Manila

FOURTH: That the term for which the corporation is to exist is fifty (50) years from and after the date of issuance of the certificate of incorporation.

FIFTH: That the names , nationalities, and residences of the incorporators are as follows:

Name	Nationality	Residence (Complete Address)
<u>JERRY N. SUDARIO</u>	<u>Filipino</u>	[REDACTED]
<u>CAROLINE B. CALSADO</u>	<u>Filipino</u>	[REDACTED]
<u>MINDA P. DE PAZ</u>	<u>Filipino</u>	[REDACTED]
<u>HERMOGENE H. REAL</u>	<u>Filipino</u>	[REDACTED]
<u>CHERYL L. CHU</u>	<u>Filipino</u>	[REDACTED]



Caroline B. Calsado
Rodolfo P. Hermogone - 11000
Alvin
Jerry N. Sudario
Minda P. De Paz
Hermogene H. Real
Cheryl L. Chu

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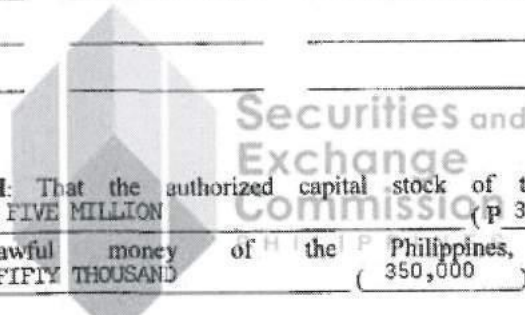
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Page 4 of 21 pages
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Caroline P. Calasado
 Minda P. De Paz
 Hermogene H. Real
 Cheryl L. Chu
 Jerry N. Sudarto
 Caroline B. Calasado

SIXTH: That the number of directors of said corporation shall be FIVE (5) and that the names, nationalities and residences of the first directors who are to serve until their successors are elected and qualified as provided by the by-laws are as follows:

Name	Nationality	Residence (Complete Address)
JERRY N. SUDARTO	Filipino	[REDACTED]
CAROLINE B. CALSADO	Filipino	[REDACTED]
MINDA P. DE PAZ	Filipino	[REDACTED]
HERMOGENE H. REAL	Filipino	[REDACTED]
CHERYL L. CHU	Filipino	[REDACTED]

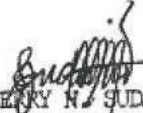
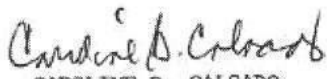

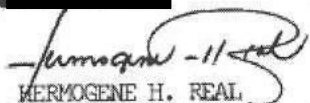



SEVENTH: That the authorized capital stock of the corporation is PESOS: THIRTY FIVE MILLION (P 35,000,000.00) pesos in lawful money of the Philippines, divided into THREE HUNDRED FIFTY THOUSAND (350,000) shares with the par value of ONE HUNDRED PESOS (P 100.00) pesos per share.

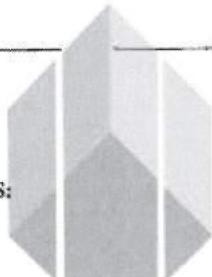
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 Page 2 of 21 pages
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ELEVENTH: That the corporation manifests its willingness to change its corporate name in the event another person, firm or entity has acquired a prior right to use the said firm name or one deceptively or confusingly similar to it.

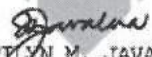
In Witness whereof, we have set our hands this 10th day of December, 2007 at Makati City

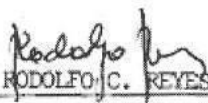
 JERRY N. SUDARIO [Redacted]	 CAROLINE B. CALZADO [Redacted]	 MINDA P. DE PAZ [Redacted]
 HERMOGENE H. REAL [Redacted]	 CHERYL L. CHU [Redacted]	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

WITNESSES:



Securities and
Exchange
Commission
PHILIPPINES


MARYLYN M. JAVALERA


RODOLFO C. REYES

(All incorporators appearing on the fifth article and the two witnesses should affix their signatures on the blanks provided in this page above their respective names.)

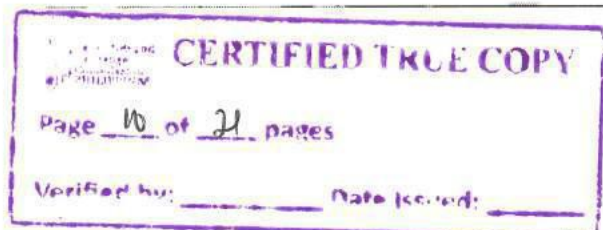
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ACKNOWLEDGEMENT

Republic of the Philippines)
Makati City S.S.

BEFORE ME, a Notary Public in and for Makati City, Philippines, this 10th day of December, 20 07 personally appeared:

Name	Community Tax Certificate No. & Competent Evidence of Identity	Date & place Issued
JERRY N. SUDARIO	[REDACTED]	[REDACTED]
CAROLINE B. CALSADO	[REDACTED]	[REDACTED]
MINDA P. DE PAZ	[REDACTED]	[REDACTED]
HERMOGENE H. REAL	[REDACTED]	[REDACTED]
CHERYL L. CHU	[REDACTED]	[REDACTED]

all known to me and to me known to be the same persons who executed the foregoing Articles of Incorporation and they acknowledged to me that the same is their free and voluntary act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal on the date and at the place first above written.

Doc. No. 204 ;
Page No. 42 ;
Book No. 1 ;
Series of 2007 .

NOTARY PUBLIC
Until December 31, 20__
ARTURO M. DE CASTRO
Notary Public for Makati City
Comm. No. 319 Until Dec. 31, 2007
7/F, LTA Bldg., 118 Perea St.
Legaspi Village Makati City
Roll No. 23679
PTR No. 0917698 11 15 07 Makati City
IBP No. 703 710 11 15 07 Makati City

SC-97-01

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Page 11 of 21 pages
Verified by: _____ Date Issued: _____

Caroline B. Calsado
Jerry N. Sudario
Minda P. De Paz
Hermogene H. Real
Cheryl L. Chu

TREASURER'S AFFIDAVIT

REPUBLIC OF THE PHILIPPINES)
CITY/MUNICIPALITY OF MAKATI) S.S
PROVINCE OF CITY)

I, HERMOGENE H. REAL being duly sworn, depose and say:

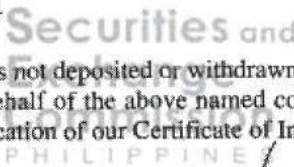
That I have been elected by the subscribers of the corporation as Treasurer thereof, to act as such until my successor has been duly elected and qualified in accordance with the by-laws of the corporation, and that as such Treasurer. I hereby certify under oath that at least 25% of the authorized capital stock of the corporation has been subscribed and at least 25% of the subscription has been paid, and received by me in cash property for the benefit and credit of the corporation.

This is also to authorize the Securities and Exchange Commission and Bangko Sentral Ng Pilipinas to examine and verify the deposit in the Banco de Oro Perea-Paseo Branch

(Name of Bank) PHILIPPINE COLLECTIVEMEDIA CORPORATION (Branch)
in my name as treasurer in trust for the EIGHT MILLION SEVEN HUNDRED (Name of Corporation)
in the amount of FIFTY THOUSAND PESOS (P8,750,000.00)

representing the paid -up capital of the said corporation which is in the process of incorporation. This authority is valid and inspection of said deposit may be made even after the issuance of the Certificate of Incorporation to the corporation. Should the deposit be transferred to another bank prior to or after incorporation, this will also serve as authority to verify and examine the same. The representative of the Securities and Exchange Commission is also authorized to examine the pertinent books and records of accounts of the corporation as well as all supporting papers to determine the utilization and disbursement of the said paid-up capital.

In case the said paid-up capital is not deposited or withdrawn prior to the approval of the articles of incorporation, I, in behalf of the above named corporation, waive our right to a notice and hearing in the revocation of our Certificate of Incorporation.



[Signature]
HERMOGENE H. REAL
Treasurer

SUBSCRIBED AND SWORN to before me this 12-10-07 day of December, 2007
at Makati City, Philippines, affiant exhibiting to me his Community Tax
Certificate No. [Redacted] issued at Makati City on March 16, 2007 and here
Competent Evidence of Identity through [Redacted]

Doc. No. 205 ;
Page No. 42 ;
Book No. I ;
Series of 2007 ;
SC-97-01

[Signature] NOTARY PUBLIC
ARTURO M. DE CASTRO Until December 31, 2007
Notary Public for Makati City
Comm. No. 257 Until Dec. 31, 2007
7/F, LTA Bldg., 118 Perea St.
Legaspi Village Makati City
Roll No. 23879
PTR No. 23176981115071 Makati City
IBP No. 7027101115071 Makati City

original copy

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Page 12 of 21 pages
Verified by: _____ Date Issued: _____

PHILIPPINE COLLECTIVEMEDIA CORPORATION

Financial Statements
December 31, 2020 and 2019

and

Independent Auditor's Report

Evalinda J. Idefonso-Garcia
Certified Public Accountant

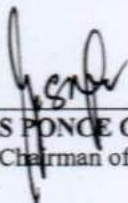


**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**

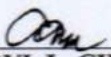
The Management of **Philippine Collectivemedia Corporation** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2020. Management is likewise responsible for all information and representations contained in the audited financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited to, the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2020 and the accompanying Annual Income Tax Return are in accordance with the books and records of **Philippine Collectivemedia Corporation** complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) **Philippine Collectivemedia Corporation** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.



SOFONIAS PONCE GABONADA, JR.
President / Chairman of the Board



CHERYL L. CHU
Treasurer / Chief Finance Officer

Signed this 7th day of April, 2021




APR 19 2021

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**

The Management of **Philippine Collectivemedia Corporation** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2020. Management is likewise responsible for all information and representations contained in the audited financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited to, the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2020 and the accompanying Annual Income Tax Return are in accordance with the books and records of **Philippine Collectivemedia Corporation** complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) **Philippine Collectivemedia Corporation** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.



SOFONIAS PONCE GABONADA, JR.
President / Chairman of the Board



CHERYL L. CHU
Treasurer / Chief Finance Officer

Signed this 7th day of April, 2021



APR 19 2021

The Board of Directors and Shareholders
PHILIPPINE COLLECTIVE MEDIA CORPORATION
3F Universal Bldg., 106 Paseo De Roxas,
Makati City

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of PHILIPPINE COLLECTIVE MEDIA CORPORATION which comprise the statements of financial position as of the years ended December 31, 2020 and 2019, the statement of income, statement of cash flows and statement of changes in stockholders' equity for the years then ended, and the accompanying notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PHILIPPINE COLLECTIVE MEDIA CORPORATION as of December 31, 2020 and 2019 and of its operation, its cash flows and stockholders' equity including the accompanying notes to the financial statements for the years then ended in accordance with the Philippine Financial Reporting Standards (PFRS) for small and medium-sized entities (SMEs).

Basis for Opinion

I conducted my audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Corporation in accordance with the *Code of Ethics for Professional Accountants in the Philippines*, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SME's, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the





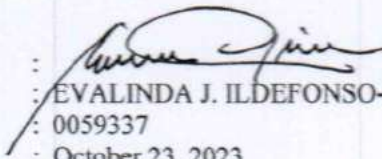
basis of these financial statements. As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

My audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees in Note ___ to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

Signature : 
 NAME OF AUDITOR : EVALINDA J. ILDEFONSO- GARCIA
 CPA NO. : 0059337
 PRC ID Valid Until : October 23, 2023
 PTR No. : 7998705
 Issued on : January 06, 2021
 Issued at : Trece Martires, Cavite
 BOA Accreditation No : 1143, valid until October 23, 2021
 BIR AN : 09-004628-1-2020, valid until July 29, 2023



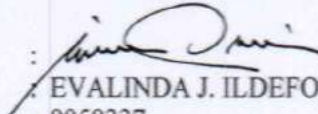
April 07, 2021
 Cavite, Philippines

TO THE SECURITIES AND EXCHANGE COMMISSION

In connection with my examination of the financial statements of PHILIPPINE COLLECTIVE MEDIA CORPORATION for the year ended December 31, 2020 which are to be submitted to the Commission, I hereby represent the following:

1. That I am in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);
2. That the financial statements are presented in conformity with generally accepted accounting principles in the Philippines in all cases where I shall express an unqualified opinion; Except that in case of any departure from such principles, I shall indicate the nature of the departure; the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;
3. That I shall fully meet the requirements of independence as provided under the Code of Professional Ethics for CPAs;
4. That in the conduct of the audit, I shall comply with the generally accepted auditing standards promulgated by the Board of Accountancy; in case any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure and the extent of the limitation, the reasons therefore and the effects thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion;
5. That I shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements; and
6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided under Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make these representations in my individual capacity as an independent auditor.

Signature : 
NAME OF AUDITOR : EVALINDA J. ILDEFONSO-GARCIA
CPA NO. : 0059337
PRC ID Expiry Date : October 23, 2023
PTR No. : 7998705
Issued on : January 06, 2021
Issued at : Trece Martirez, Cavite
TIN : 113-418-250
BOA Accreditation No. : 1143, valid until October 23, 2021
BIR AN : 09-004628-001-2020
Expiry Date : July 29, 2023

April 07, 2021
Cavite, Philippines

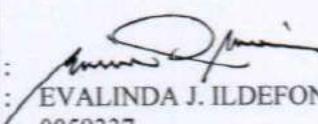


SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITOR

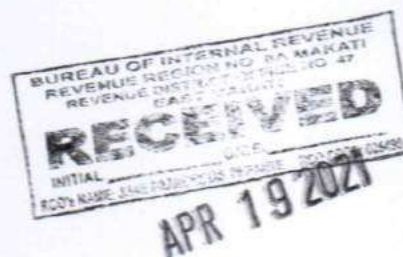
The Board of Directors and Shareholders
PHILIPPINE COLLECTIVE MEDIA CORPORATION
3F Universal Bldg., 106 Paseo De Roxas,
Makati City

I have examined the financial statements of PHILIPPINE COLLECTIVE MEDIA CORPORATION for the year ended December 31, 2020 on which I have rendered the attached report dated April 7, 2021.

In compliance with SRC Rule 68, I am stating that the said Company has two (2) stockholders owning one hundred (100) shares or more each as of December 31, 2020.

Signature : 
NAME OF AUDITOR : EVALINDA J. ILDEFONSO-GARCIA
CPA NO. : 0059337
PRC ID Valid Until : October 23, 2020
PTR No. : 7998705 Jan. 06, 2021, TM, Cavite
TIN : 113-418-250
BOA Accreditation No. : 1143, until October 23, 2021
BIR AN : 09-004628-001-2020 , until July 29, 2023

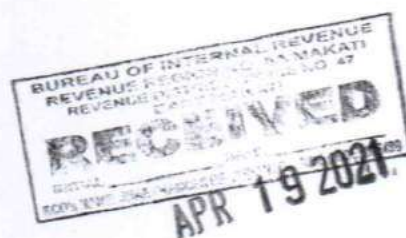
April 07, 2021
Cavite, Philippines



PHILIPPINE COLLECTIVEMEDIA CORPORATION
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	<u>Note</u>	2020	2019
A S S E T S			
Current Assets			
Cash on hand and in banks		P 7,019,869	P 4,996,063
Trade and other receivables		3,979,443	2,925,453
Other current assets		466,059	719,542
Total Current Assets		11,465,371	8,641,058
Non-Current Assets			
Property and equipment - net		8,079,191	9,895,592
Deferred tax asset		5,649,710	4,794,353
Total Non-current Assets		13,728,901	14,689,945
TOTAL ASSETS		P 25,194,272	P 23,331,003
 LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liability			
Trade and other payables	3	P 2,219,567	P 3,211,364
Non-current Liability			
Advances from officers		30,405,821	25,691,957
Total Liabilities		32,625,388	28,903,321
Stockholders' Equity			
Capital stock	6	35,000,000	35,000,000
Retained earnings		(42,431,116)	(40,572,318)
Total Stockholders' Equity		(7,431,116)	(5,572,318)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		P 25,194,272	P 23,331,003

(See accompanying notes to financial statements)



PHILIPPINE COLLECTIVEMEDIA CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	2020	2019
CAPITAL STOCK		
Retained Earnings		
Balance at beginning of year	(P 40,572,318)	(P 37,238,974)
Add Net income this year	(1,858,798)	(3,333,344)
Balance at end of year	(42,431,116)	(40,572,318)
Total Stockholders' Equity, end	(P 42,431,116)	(P 40,572,318)

(See accompanying notes to financial statements)



PHILIPPINE COLLECTIVEMEDIA CORPORATION
STATEMENTS OF INCOME AND RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	<u>Note</u>	2020	2019
GROSS REVENUE		P 5,060,129	P 4,812,983
COST OF SERVICES	4	1,144,860	885,500
GROSS PROFIT		3,915,269	3,927,483
OTHER OPERATING EXPENSES		6,579,742	8,699,156
INTEREST INCOME		(9,047)	(9,753)
INCOME (LOSS) BEFORE INCOME TAX		(2,655,426)	(4,761,920)
INCOME TAX EXPENSE		(796,628)	(1,428,576)
NET INCOME (LOSS) FOR THE YEAR		(1,858,798)	(3,333,344)

(See accompanying notes to financial statements)



APR 19 2021

PHILIPPINE COLLECTIVEMEDIA CORPORATION
STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	(P 2,655,426)	(P 4,761,920)
Adjustments for:		
Depreciation	1,826,901	1,826,901
Operating income before working capital changes	(828,525)	(2,935,019)
Decrease (Increase) trade and other receivables	(1,032,785)	794,505
Decrease in current assets	172,534	156,753
Increase (Decrease) in trade and other payables	(990,782)	307,456
Cash generated from operations	(2,679,558)	(1,676,305)
Cash paid for income taxes	-	-
Net Cash From Operating Activities	(2,679,558)	(1,676,305)
CASH FLOWS FROM INVESTING ACTIVITY		
Acquisitions of property and equipment	(10,500)	-
CASH FLOWS FROM FINANCING ACTIVITY		
Advances from officers	4,713,864	921,091
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,023,806	(755,214)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,996,063	5,751,277
CASH AND CASH EQUIVALENTS AT END OF YEAR	P 7,019,869	P 4,996,063

(See accompanying notes to financial statements)



PHILIPPINE COLLECTIVEMEDIA CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the year ended December 31, 2020 and 2019
Amounts in Philippine Peso

NOTE 1. GENERAL INFORMATION

PHILIPPINE COLLECTIVEMEDIA CORPORATION (herein referred to as the “Company”) is a domestic corporation registered with the Securities and Exchange Commission on May 21, 2008 with Registration No. CS200807578.

The Company is primarily engaged in radio and television broadcasting and has started its operations sometime in year 2011.

The Company’s registered principal office and place of business is at Universal-Re Building, 106 Paseo de Roxas, Legaspi Village, Makati City.

The Company adopts a calendar year of financial reporting ending December 31.

The financial statements as of and for the years ended **December 31, 2020** and 2019 have been approved and authorized for issue by the Board of Directors on April 07, 2021.

NOTE 2. FINANCIAL REPORTING FRAMEWORK

The financial reporting framework applied in the preparation of these financial statements is set out below. This framework has been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of financial statements preparation and statement of compliance

The financial statements of the Tacloban Ultrasteel Corporation have been prepared in accordance and in compliance with the Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs) issued by the Financial Reporting Standards Council of the Philippines and adopted by SEC. Further, the financial statements have been prepared under the historical cost convention, except for:

- a. those financial assets and liabilities classified as basic financial instruments under Section 11 of PFRS for SMEs and categorized as either measure at (i) amortized cost or less impairment, or (ii) fair value with changes in fair value recognized in profit or loss.
- b. the revaluation of investment properties under Section 20 of PFRS for SMEs.

The preparation of financial statements in conformity with PFRS for SMEs requires the use of certain accounting estimates. It also requires management to exercise its judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in *Note 3*.

2.2. Functional currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Philippine peso, which is the Company’s functional and presentation currency.

All values represent absolute amounts and are rounded to the nearest peso (₱1), except when otherwise indicated.

2.3. Summary of significant accounting policies

2.3.1. Statement of financial position captions

The following are descriptions of specific accounting policies on statement of financial position captions. Refer to the related Notes to Financial Statements for additional information.

Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognized when the entity becomes a party to its contractual provisions.

The PFRS for SMEs splits the financial instruments' requirements into two sections: Section 11 on basic financial instruments; and Section 12 on additional financial instrument issues. Only Section 11 applies and is relevant to the Company.

Financial assets

Financial assets are basic financial instruments categorized as either measured at (a) amortized cost or less impairment, or (b) fair value with changes in fair value recognized in profit or loss.

The Company's basic financial assets are presented, classified, recognized, measured, and disclosed in the financial statements as follows:

(a) **Cash**

Cash are carried at the statements of financial position at face value. It includes cash on hand and deposits in bank which are unrestricted and immediately available for use in the current operation. Cash in bank includes current / savings deposits in local Philippine bank. Cash in bank earned interest income at a specific interest rate.

(b) **Trade and other receivables**

Trade receivables arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting period which are classified as non-current assets. Trade receivables are recognized initially at the fair value being the transaction price or consideration at the time of sale and are subsequently measured at amortized cost using the effective interest method, less provision for impairment. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated cash flows (*see Note 4*).

Derecognition of financial assets

All financial assets are recognized on their trade date. Derecognition of financial assets occurs only when:

- (a) the contractual rights to the cash flows from the financial asset expire or are settled, or
- (b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or
- (c) the Company has retained some significant risks and rewards but has transferred control of the asset to another party. The asset is therefore derecognized, and any rights and obligations created or retained are recognized.

Financial liabilities

The Company's basic financial liabilities as defined under Section 11 of PFRS for SMEs are presented, classified, recognized, measured, and disclosed in the financial statements as follows:

(a) Trade and other liabilities

Trade and other liabilities arise when the Company receives money, goods, or services from supplier or creditor. They are included in current liabilities, except for maturities greater than 12 months after the reporting period which are classified as non-current liabilities. Trade and other liabilities are recognized initially at their transaction price and subsequently measured at amortized cost less settlement payments. This account includes payable to suppliers, dividends payable and other liabilities (see Note 6).

(b) Advances from stockholders

The Company's related party transaction represents non-interest-bearing advances made from its stockholders and officers for additional working capital. It is recognized at fair value of the advances received.

Derecognition of financial liabilities

Financial liabilities are derecognized only when they are extinguished – that is, when the obligation is discharged, cancelled or expired.

Other current and non-current assets

Other current and non-current assets is composed of unapplied input tax and prior year's excess tax credits.

Property and equipment

Property and equipment are valued at cost less accumulated depreciation and any impairment in value. The initial cost of property and equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working conditions and location for its intended use. Additions, betterments, and major replacements are capitalized while minor repairs and maintenance are charged to expense as incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and any impairment loss are removed from the account and any resulting gain or loss is credited or charged to results of operations for the year.

Depreciation is computed using the straight-line method based on the estimated useful lives as follows:

<u>Category</u>	<u>Estimated useful life (in years)</u>
Studio and recording equipment	10 years
Furniture and fixtures	10 years
Office equipment	10 years
Transportation equipment	10 years

The Company's management periodically monitors the conditions of the property and equipment as well as the depreciation method used and the estimates on related useful lives to ensure that estimates adopted represent the actual situation.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognized.

Repairs and maintenance are charged to income during the year in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess originally assessed standard or performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the useful life of the related asset.

Gains and losses on disposals, if any, are determined by comparing the proceeds with the carrying amount and the recognized within 'other gains (losses)' in the statement of comprehensive income.

Related party transactions and relationships

A related party transaction is a transfer of resources, services or obligations between the Company and related party, regardless of whatever a price is charged.

A person or a close member of that person's family is related to the Company if that person

- has control or joint control over the Company;
- has significant influence over the Company; or
- is a member of the key management personnel of the reporting entity or a parent of the Company.

An entity is related to the Company if any of the following conditions apply:

- the entity and the Company are members of the same group which means that each parent, subsidiary and fellow subsidiary is related to the others;
- one entity is an associate or joint venture of the other entity or an associate or joint venture of a member of a group of which the other entity is a member;
- both entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- the entity is controlled or jointly controlled by a person who is a related party as identified above; and
- a person that has control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity.

The related party transactions of the Company are shown in *Note 12*.

Provisions and contingencies

Recognition and initial measurement

A provision is recognized only when: the entity has a present obligation to transfer economic benefits as a result of past event; it is probable (more likely than not) that an entity will be required to transfer economic benefits in settlement of an obligation; and the amount of the obligation can be estimated reliably.

The amount recognized as a provision is the best estimate of the amount required to settle the obligation at the reporting period. Where material, the amount of provision is the present value of the amount expected to be required to settle the obligation.

A present obligation arising from a past event may take the form either of a legal or constructive obligation. An obligating event leaves management no realistic alternative to settling the obligation. If management can avoid future the expenditure by its future actions, it has no present obligation, and no provision is required. For example, management cannot recognize a provision based solely on intent or legislative requirement to incur obligation at some future date.

When some or the entire amount required to settle a provision is reimbursed by another party, management recognizes the reimbursement as a separate asset only when it is virtually certain that it will receive the reimbursement on settlement of the obligation. The reimbursement receivable is presented on the statement of financial position as an asset and is not offset against the provision. The amount of any expected reimbursement is disclosed. Net presentation is permitted in the statement of comprehensive income.

Management reviews provisions at each reporting period and adjust them to reflect the current best estimate of the amount that would be required to settle the obligation at that reporting period.

Contingent liabilities

A contingent liability is either a possible but uncertain obligation, or a present obligation that is not recognized as a liability because either it is not probable an outflow will occur, or the amount cannot be measured reliably. Management does not recognize (but discloses) contingent liability as a liability unless it has been acquired in a business combination.

Contingent assets

Contingency assets are not recognized. When the realization of benefits is virtually certain, the related asset is not a contingent asset but meets the definition of asset and is recognized as such.

The Company has no contingencies as of **December 31, 2020** and 2019.

Equity

Equity is the residual interest in the Company's assets after deducting all its liabilities. Equity includes paid up share capital by shareholders of the Company, plus additions to those investments earned through profitable operations and retained for use in the Company's operations, minus reductions to owners' investments as a result of unprofitable operations and distributions to shareholders.

Share capital – represents paid up capital contributions of the stockholders.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Retained earnings (Deficit) – include all current and prior period results as disclosed in the statement of profit or loss. Appropriated retained earnings are those earnings earmarked and separated by the Company for specific use as approved by the Board of Directors.

Events after the end of the reporting period

Events after the end of the reporting period may qualify as adjusting events or non-adjusting events. Adjusting events provide further evidence of conditions that existed at the end of the reporting period and lead to adjustments to the financial statements.

Non-adjusting events relate to conditions that arose after the end of the reporting period and do not lead to adjustments, only to disclosures in the financial statements.

Management discloses the date on which the financial statement was authorized for issue and who gave that authorization. If the owners or other persons have the power to amend the financial statements after issue, this fact is also disclosed.

The event after the end of the reporting period for disclosure is the date of authorization for issue of the financial statements as authorized by the Board of Directors (*see Note 13*).

2.3.2. Statement of profit or loss captions

The following are description of specific statement of profit or loss captions. Refer to the related Notes to Financial Statements for additional information.

Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliability.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of service. Revenue is recognized when the related services have been rendered or when it is probable that future economic benefits will flow to the Company and these benefits can be measured reliably.

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for services rendered, excluding value-added tax and trade discounts.

Cost of services and expenses recognition

Cost of services and expenses are recognized in the statement of profit or loss utilization of the service or at the date they are incurred (*see Notes 9 and 10*).

Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by its employees. These benefits include salary-related benefits (such as wages, salaries, profit-sharing, bonuses, long-service leave and share-based payments), termination benefits (such as severance or redundancy pay) and post-employment benefits (such as retirement benefit plans).

(a) Short-term benefits

Short-term employee benefits include items such as wages, salaries and social security contributions, 13th month pay, bonuses, allowances and other short-term benefits received by the employees during the current period. Short term benefits are recognized at the undiscounted amounts of benefits expected to be paid in exchange of services. Short-term benefits are shown as part of 'general and administrative expenses' in the statements of profit or loss amounting to **₱4,293,079** and **₱4,876,561** for the years ended **December 31, 2020** and 2019, respectively (*see Notes 9 and 10*).

(b) Retirement or post-employment benefits

Republic Act (RA) No. 7641 (new Retirement Law) took effect on January 7, 1993. Under the said law, the Company is required to provide minimum retirement benefits to qualified retiring.

The Company did not accrue any pension benefit expenses or pension benefit obligation. No retirement benefit was accrued as of **December 31, 2020** and 2019 as there is no qualified employee in accordance with R.A. 7641.

Impairment of assets

An assessment is made at each reporting period to determine whether there is objective evidence that a specific financial or non-financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the statement of profit or loss. Discussion on the following asset impairment and how management exercises its judgement are found in *Note 3*.

- *Impairment of financial assets measured at cost or amortized cost;*
- *Impairment of non-financial assets other than inventories; and*
- *Impairment of inventories.*

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in the profit or loss.

Current and deferred income taxes

The tax expense for the period comprises of current and deferred tax. Tax is recognized in profit or loss, except that a change attributable to an item of income or expense recognized as other comprehensive income is also recognized directly in other comprehensive income.

Current income tax is the expected amount payable on the taxable income for the period and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognized for all temporary difference that are expected to reduce taxable profit in the

future. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

Deferred tax assets are also recognized for any unused net operating loss carryover (NOLCO) and tax credits from excess minimum corporate income tax (MCIT).

The net carrying amount of deferred tax assets is reviewed at each reporting period and is adjusted to reflect the current assessment of future taxable profits. Any adjustment is recognized in profits or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (loss) of the periods in which it expects the deferred tax asset to be realized or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantially enacted by the end of the reporting period. A valuation allowance is provided, on the basis of past years and future expectations, when it is not probable that taxable profits will be available against which the future income tax deductions can be utilized.

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

Related balances on income tax items are shown in *Note 7*.

NOTE 3. CRITICAL AND SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Company makes estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal the related actual results. The estimates, judgment and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical judgments in applying accounting policies

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimation, which have the most significant effect on the financial statements.

- *Functional currency.* Based on economic substance of the underlying circumstances relevant to the Company, the functional currency has been determined to be the Philippine peso. It is the currency that mainly influences the normal operations of the Company.
- *Revenue and expense recognition.* The Company's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and expenses. In making judgement, the Company considered the detailed criteria for the recognition of revenue set out in Section 23 of PFRS for SMEs.
- *Recognition of deferred income taxes.* Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management of judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable profits together with future tax planning strategies.
- *Provisions and contingencies.* Judgment is exercised by management to distinguish between provisions and disclosures of contingencies.

Management's use of estimates

The key assumptions concerning the future and other sources of estimating uncertainty at the reporting period that are significant to the carrying value of the assets and liabilities are as follows:

- *Revenue, cost and expense recognition.* The Company's revenue, cost and expense recognition requires the use of estimates and assumptions that may affect the recorded amounts of revenue, cost of sales, and expenses. The Company's revenues, costs and expenses recognition policies are discussed in *Note 2*.
- *Estimating useful lives of property and equipment.* The useful life of property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of the industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of the asset. It is possible, however, that future financial performance could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the useful life of any investment property and property and equipment would increase the recorded general and administrative expenses and decrease non-current assets.
- *Evaluation of asset impairment.* The Company reviews property and equipment for impairment in value. Impairment is assessed regularly. This includes considering certain indicators of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

The Company recognizes an impairment loss when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher between the asset's net selling price or value in use. The net selling price is the amount obtainable from the sale of a asset in an arm's length transaction while the value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

- *Realizable amount of deferred tax assets.* The Company reviews its deferred tax asset at each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.
- *Pension benefits.* The Company has not accrued any estimated pension benefit obligation. Based on its current employee profile, none is qualified yet to any retirement benefit as provided under R.A. 7641; hence, no accrual was made in **2020** and 2019.

The Company believes that non-accrual on retirement benefit has no impact to the financial statements to the Company. Hence, its non-recognition is immaterial to the Company.

- *Income taxes.* The Company is subject to income taxes. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Further, management makes estimate in setting up any valuation allowance on its deferred tax assets. Items on income taxes are shown in *Note 7*.

NOTE 4. TRADE AND OTHER RECEIVABLES

This account consists of:

	2020	2019
Accounts receivable – trade	P 3,261,235	P 2,232,883
Accounts receivable – nontrade	42,625	42,625
Advances to officers and employees	675,583	649,945
	P 3,979,443	P 2,925,453

NOTE 5. PROPERTY AND EQUIPMENT, NET

Depreciation is charged to ‘operating expenses’ amounting to **P1,826,901** for the year ended **December 31, 2020**, [2019: P1,826,901] (see Note 10). The same amount of depreciation is presented as part of ‘operating activities’ in the statements of cash flows. Details are as follows:

YEAR 2020	Studio / Recording equipment	Furniture and fixtures	Office equipment	Transportation equipment	TOTAL
Cost					
At January 1	P 14,992,695	267,202	2,157,734	854,107	P 18,271,738
Additions	0	0	10,500	0	10,500
Disposals	0	0	0	0	0
At December 31	14,992,695	267,202	2,168,234	854,107	18,282,238
Accumulated Depreciation and Impairment:					
At January 1	6,921,953	210,573	930,446	313,174	8,376,145
Depreciation	1,498,997	26,720	215,773	85,411	1,826,901
Impairment loss	0	0	0	0	0
At December 31	8,420,950	237,293	1,146,219	398,585	10,203,047
Net carrying value, 12/31/2020	P 6,571,745	29,909	1,022,015	455,522	P 8,079,191

YEAR 2019	Studio / Recording equipment	Furniture and fixtures	Office equipment	Transportation equipment	TOTAL
Cost					
At January 1	P 14,992,695	267,202	2,157,734	854,107	P 18,271,738
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
At December 31	14,992,695	267,202	2,157,734	854,107	18,271,738
Accumulated Depreciation and Impairment:					
At January 1	5,422,956	183,853	714,673	227,763	6,549,244
Depreciation	1,498,997	26,720	215,773	85,411	1,826,901
Impairment loss	0	0	0	0	0
At December 31	6,921,953	210,573	930,446	313,174	8,376,146
Net carrying value, 12/31/2019	P 8,070,742	56,629	1,227,288	540,933	P 9,895,592

NOTE 6. TRADE AND OTHER LIABILITIES

This account consists of:

	2020	2019
Accounts payable	₱ 169,966	₱ 1,549,844
Deferred Output VAT	1,766,651	1,509,844
SSS / PHIC / HDMF contribution payable	261,553	119,779
SSS / PHIC / HDMF loans payable	18,397	18,397
Withholding tax payable	3,000	13,500
	₱ 2,219,567	₱ 3,211,364

NOTE 7. INCOME TAX / DISCLOSURES REQUIRED UNDER RR 19-2011

7.1. Current income tax and current tax liability

The Component of current tax expense and the reconciliation of pre-tax income computed at the applicable statutory rates to tax expense as reported in the statement of profit or loss and other comprehensive income are shown as follows:

	2020	2019
Revenues	₱ 5,060,129	₱ 4,812,983
Cost of services	(1,144,860)	(885,500)
General and administrative expenses	(6,579,742)	(8,699,156)
Interest income	9,047	9,753
Total taxable income	(2,655,426)	(4,761,920)
RCIT rate	30%	30%
Income tax benefit	₱ (796,628)	₱ (1,428,576)

Computation for MCIT

	2020	2019
Gross profit	₱ 3,915,269	₱ 3,927,483
MCIT rate	1.5%	2%
Minimum Corporate Income Tax	₱ 58,729	₱ 78,550

	2020	2019
Income tax payable (RCIT or MCIT whichever is higher)	₱ 58,729	₱ 78,550
Tax credits / payments		
Prior year excess tax credits	-	(14,719)
Tax payments for the first three quarters	-	-
Tax credits for the first three quarters	(34,039)	(32,713)
Tax credits for the fourth quarter	(22,046)	(9,913)
Payable (Excess) tax credits	₱ 2,644	₱ 21,205

The income tax expense or benefit is computed at statutory income tax rate based on normal corporate income tax.

Minimum corporate income tax (MCIT) of 1.5% based on gross income, as defined under the Tax Code, is required to be paid at the end of the year starting on the fourth year from the date of registration with the Bureau of Internal Revenue (BIR) whenever the RCIT is lower than the MCIT.

Effective July 2008, Republic Act 9504 was approved giving corporate taxpayers an option to claim itemized deduction or optional standard deduction (OSD) equivalent to 40% of gross profit. Once the option to use OSD is made, it shall be irrevocable for the taxable year for which the option was made.

In 2020 and 2019, the Company opted to continue claiming itemized deductions.

7.2. Deferred tax asset

The composition and movement of deferred tax asset is shown below:

	2020	2019
Balance, January 1	P 4,794,353	P 3,287,227
Additions (Applications)		
NOLCO	796,628	1,428,576
Deferred MCIT charges	58,729	78,550
Expired		
Balance, December 31	P 5,649,710	P 4,794,353

Taxes and licenses amounting to **₱103,483** for the year ended **December 31, 2020**, [2019: **₱85,170**] are shown in *Note 10*.

NOTE 8. STOCKHOLDERS' EQUITY

	No. of Shares		Amount	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Ordinary shares - ₱100 par value				
Authorized 350,000 shares				
Authorized:				
Balance at beginning of year	350,000	350,000	₱35,000,000	₱35,000,000
Issued during the year	-	-	-	-
Balance at end of year	350,000	350,000	35,000,000	35,000,000
Subscribed:				
Balance at beginning of year	350,000	350,000	35,000,000	35,000,000
Issued during the year	-	-	-	-
Balance at end of year	350,000	350,000	35,000,000	35,000,000
Subscription receivable:				
Balance at beginning of year			-	-
Issued/Collection during the year			-	-
Balance at end of year			-	-
 Paid-up share capital			₱35,000,000	₱35,000,000

As of **December 31, 2020**, the Company has two (2) stockholders owning 100 or more shares each of the Company's capital stock.

NOTE 9. COST OF SERVICES

Cost of services us computed as follows:

	2020	2019
Salaries and other employee benefits	P 947,250	P 669,500
Operating supplies	197,610	216,000
Cost of services	P 1,144,860	P 885,500

NOTE 10. GENERAL AND ADMINISTRATIVE EXPENSES

This account is composed of:

	2020	2019
Salaries, wages and employee benefits	P 3,263,959	P 3,859,915
Depreciation (see Note 5)	1,826,901	1,826,901
Professional / Directors fee	416,000	1,110,000
SSS/ PHIC/ HDMF – ER Share	81,870	347,146
Communication, light and water	248,541	394,730
Miscellaneous	391,265	308,037
Office supplies	43,895	293,375
Representation	27,181	124,021
Repairs and maintenance	25,600	99,918
Transportation and travel	53,739	61,621
Commission	-	99,621
Dues and subscription	88,371	67,401
Fuel and oil	8,937	21,300
Taxes and licenses	103,483	85,170
	P 6,579,742	P 8,699,156

NOTE 11. COMMITMENTS AND CONTINGENCIES

The Company has no existing pending legal cases where it is the defendant which would require disclosure that is normally required by PAS 37, 'Provisions, Contingent Liabilities and Contingent Assets'.

NOTE 12. RELATED PARTY TRANSACTIONS

The Company's related party transactions are summarized below:

(a) Transactions of the Company with retirement fund

As stated in Note 2, the Company has no retirement fund / plan asset yet as of December 31, 2020 and 2019; hence, there are no transactions to be reported in this section. The Company believes that non-setting up of the fund has no material impact to the Company's operation.

(b) *Related party advances*

The Company availed non-interest-bearing advances from its stockholders and officers for additional working capital. Balance as of **December 31, 2020** amounts to **₱30,405,821** [2019: ₱25,691,957]. The movement of advances is shown below:

	2020	2019
Beginning balance	₱ 25,691,957	₱ 24,770,866
Advances obtained	4,713,864	921,091
Advances paid	-	-
Ending balance	₱ 30,405,821	₱ 25,691,957

Except for the foregoing, there are no other transactions with the related parties during the periods.

NOTE 13. EVENTS AFTER THE REPORTING PERIOD

The financial statements were approved and authorized for issue by the Board of Directors on April 5, 2021.

Aside from the above-mentioned, there are no significant events after reporting period that need adjustment or disclosure.

NOTE 14. SUPPLEMENTARY INFORMATION REQUIRED BY THE BIR

The Bureau of Internal Revenue (BIR) issued on November 25, 2010, Revenue Regulations (RR) 15-2010, Amending Certain Provisions of Revenue Regulations No. 21-2002, as Amended, Implementing Section 6 (H) of the Tax Code of 1997, Authorizing the Commissioner of Internal Revenue to Prescribe Additional Procedural and/or Documentary Requirements in Connection with the Preparation and Submission of Financial Statements Accompanying Income Tax Returns. Under the said RR, companies are required to provide, in addition to the disclosures mandated under PFRS, and such other standards and/or conventions as may be adopted, in the notes to the financial statements, information on taxes, duties and license fees paid or accrued during the taxable year.

However, the Company opted to present such information in a separate schedule to be attached to the financial statements for filing with the BIR. The supplementary information is not a required part of the basic financial statements under PFRSs for SMEs.

Additional disclosure in the notes to the financial statements is also required under Revenue Regulations (RR) 19-2011 of the following schedules (a) sales/receipts/fees; (b) costs of sales/services; (c) non-operating and taxable; (d) itemized deductions (if the taxpayer did not avail of OSD); (e) taxes and licenses; and (f) other information prescribed to be disclosed in the notes to the financial statements. Items a to d are presented in *Notes 9 and 10* while schedule of taxes and licenses are presented in a separate schedule attached to the financial statements.

**PSE Disclosure Form BL-1 - Comprehensive Corporate Disclosure on
Backdoor Listing Reference: Rules on Backdoor Listing**

Subject of the Disclosure	
Memorandum of Agreement between Prime Media Holdings Inc. (“PRIM” or the “Company”) and Michelle Ayangco and Hermogene Real (“PCMC Shareholders”), the majority stockholders of Philippine CollectiveMedia Corporation (“PCMC”)	
Background/Description of the Disclosure	
On July 30, 2021, PRIM and the majority stockholders of PCMC, namely, Michelle Ayangco and Hermogene Real (“PCMC Shareholders”), entered into a Memorandum of Agreement wherein the PCMC Shareholders shall jointly subscribe to One Billion Six Hundred Seventy Nine Million Nine Hundred Sixty Six Thousand Four Hundred (1,679,966,400) common shares of the Company to be issued from an increase in authorized capital stock which shall be paid in the form of PCMC shares based on third-party appraisal, subject to confirmation by a third-party fairness opinion and other closing conditions, in order to obtain the business, assets and ownership of PCMC. After the transaction, the PCMC Shareholders will gain control and majority ownership of approximately 70% of outstanding capital stock of the Company. On the other hand, PCMC will become a subsidiary of PRIM.	
Date of Approval by Board of Directors	28 July 2021
Date of Approval by Stockholders	TBA
Other Relevant Regulatory Agency, if applicable	The Securities and Exchange Commission with respect to the application for increase of authorized capital stock and approval by Congress for change of controlling interest in PCMC as required by Republic Act No. 9773 as amended by Republic Act No. 11508
Date of Approval by Relevant Regulatory Agency	TBA
Date of Approval by Securities and Exchange Commission, if applicable	TBA
Comprehensive Corporate Disclosure	
The nature and description of the proposed transaction, including the timetable for implementation, and related regulatory requirements if applicable	

Michelle Ayangco and Hermogene Real (“PCMC Shareholders”) shall subscribe to One Billion Six Hundred Seventy Nine Million Nine Hundred Sixty Six Thousand Four Hundred (1,679,966,400) shares out of an increase in authorized capital stock of the Company at the subscription price and par value of One Peso (Php 1.00) per share (the “Price Per Share”) or total subscription price of One Billion Six Hundred Seventy Nine Million Nine Hundred Sixty Six Thousand Four Hundred Pesos (Php 1,679,966,400.00). For and in consideration of the said Subscription, the PCMC Shareholders shall assign, transfer and deliver to the Company a total of Three Hundred Forty Nine Thousand Nine Hundred Ninety Three (349,993) PCMC shares (the “PCMC Shares”) at an agreed value of One Billion Six Hundred Seventy Nine Million Nine Hundred Sixty Six Thousand Four Hundred Pesos (Php 1,679,966,400.00) as supported by a third-party appraisal report, subject to confirmation by a third-party fairness opinion and other closing conditions.

The transaction is subject to (a) approval of PRIM shareholders, (b) approval by Congress for change of controlling interest in PCMC as required in Republic Act No. 9773 as amended by Republic Act No. 11508, (c) approval of the increase in capital stock by the Securities and Exchange Commission, (d) issuance of the Certificate Authorizing Registration by the Bureau of Internal Revenue for transfer of PCMC shares to the Company; (e) approval by the PSE of the listing of the subscribed shares.

The shareholders’ meeting of the Company is set on September 22, 2021. As soon as approved, the Subscription Agreement and Deed of Exchange/ Assignment shall be executed and the necessary application for the increase in Authorized Capital Stock and the amendments to the Articles of Incorporation shall be filed with the Securities and Exchange Commission (SEC) sometime October 2021. The Company expects SEC approval and issuance of the Certificate Authorizing Registration before the end of the year.

PCMC will apply for congress approval for change of controlling interest on or before the end of August and expects to secure the approval on or before the end of the year.

The transaction is not subject to PCC approval or notification as the transaction value is below the threshold.

The reason/purpose of the transaction including the benefits which are expected to be accrued to the listed issuer as a result of the transaction

The purpose of the transaction is to transform the Company into a viable and operational business entity and address its capital deficiency, negative equity, and non-operation. The transaction will result to folding-in of PCMC into the Company thereby making PCMC a subsidiary of the Company. With the national franchise of PCMC, the Company can engage in an active business of mass media and further leverage its franchise and network for use by existing content providers in need of broadcasting rights.

The aggregate value of the consideration, explaining how this is to be satisfied, including the terms of any arrangements for payment on a deferred basis

The subscription with a total consideration of One Billion Six Hundred Seventy Nine Million Nine Hundred Sixty Six Thousand Four Hundred Pesos (Php 1,679,966,400.00), shall be satisfied by PCMC Shareholders’ assignment, conveyance, transfer and delivery of 349,993 PCMC shares which effectively transfers the assets, business and ownership of PCMC to PRIM.

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The basis upon which the consideration or the issue value was determined

The contemplated transaction involves the fold-in of PCMC into the Company. The Subscription Price at par value of PhP 1.00 per share is premium over the Company’s current book value of negative 0.23 centavos (PhP-0.23) per share according to the Company’s Audited Financial Statement ending December 31, 2020. The valuation of PCMC shares, on the hand, is based on third-party appraisal report.

For cash considerations, the detailed work program of the application of proceeds, the corresponding timetable of disbursements and status of each project included in the work program. For debt retirement application, state which projects were financed by debt being retired, the project cost, amount of project financed by debt and financing sources for the remaining cost of the project

N/A.

PCMC Shareholders’ subscription to 1,679,966,400 PRIM shares will be paid by transfer, conveyance, assignment and delivery of their existing PCMC Shares to the Company. There will be no cash consideration or debt retirement application involved in the transaction.

The listed company must present a statement of active business pursuits and objectives which details the steps undertaken and proposed to be undertaken by the Issuer in order to advance its business

PRIM currently has no operations. It has capital deficit and negative equity.

The transaction will allow the Company to obtain the assets, business, control and majority ownership of PCMC, which will result to PCMC becoming a subsidiary of the Company.

With the acquisition of the assets and businesses of PCMC, the Company will become a commercially operational company having a going-concern status with a potentially profitable and viable business.

The Company intends to expand the business of PCMC. With PCMC’s national franchise, the Company may use this as leverage to provide other content providers an avenue to broadcast their contents regionally and nationwide. The Company views the present transaction as an opportunity with the limited national media franchise granted by Congress and the growing need for media broadcasting.

Effects in the listed company before and after the transaction on the following:

Increase in authorized capital stock

From	PhP 5,000,000,000 (divided into PhP 3,000,000,000.00 Common Shares, PhP 1,000,000,000.00 Preferred Series A, and PhP 1,000,000,000.00 Preferred Shares Series B)
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To	PhP7,000,000.00, (all common shares)
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Nature of business

From	Holding Company
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To	Holding Company
-----------	-----------------

Corporate Name

From	same
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To	same
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Board of Directors

Name	(Regular or Independent)
Manolito A. Manalo	Regular
Bernadeth A. Lim	Regular
Juan Victor S. Valdez	Regular
Rolando S. Santos	Regular
Johnny Y. Aruego, Jr.	Independent
Francisco L. Layug III	Independent
1 Vacant seat	The vacancy will be filled at the Annual Stockholder's meeting.

Principal Officers

Name	Position/Designation
Manolito A. Manalo	President/ CEO
Bernadeth A. Lim	Vice-President
Rolando S. Santos	Treasurer
Maila Lourdes G. De Casro	Corporate Secretary
Christopher Sam S. Salvador	Assistant Corporate Secretary

Ownership structure

Principal Shareholders	Before	After
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	Number of shares	%	Number of shares	%
RYM Business Management Corp.	463,555,085	66.19%	463,555,085	19.47%
Mairete Asset Holdings Inc.	77,178,901	11.02%	77,178,901	3.24%
Michelle Ayangco (PCMC)	0	0	839,985,600	35.28%
Hermogene Real (PCMC)	0	0	839,980,800	35.28%

Capital structure

Issued Shares

Type of Security /Stock Symbol	Before	After
Common/ PRIM	700,298,616	2,380,839,666
Preferred/ PRIM	14,366,260	0

Outstanding Shares

Type of Security /Stock Symbol	Before	After
Common/ PRIM	700,298,616	2,380,839,666
Preferred/PRIM	14,366,260	0

Treasury Shares

Type of Security /Stock Symbol	Before	After
	-	-

Listed Shares

Type of Security /Stock Symbol	Before	After
Common/ PRIM	663,713,458	2,380,839,666

Effect(s) on the public float, if any After the transaction and issuance of the new shares, the public float will be reduced to approximately 6.73%. The Company commits to secure third party equity placement to comply with the required minimum public float.

Effect(s) on foreign ownership level, if any The infusion of the media business will restrict foreign ownership. The Company will notify all foreign shareholders to trade or transfer their respective share to Filipino citizen. RYM Business Management Corp. as well as the PCMC Shareholders will likewise endeavor to acquire shares held by foreign stockholders.

Additional information on the unlisted company

Nature and business

PCMC was incorporated in May 21, 2008 with a primary purpose of establishing and engaging in the business of radio and television broadcasting. It was granted a legislative franchise by virtue of Republic Act No. 9773 to cover Region VIII

(Eastern Visayas). In 2020, its legislative franchise was amended by Republic Act No. 11508 to expand to national coverage.

PCMC currently operates PRTV in Tacloban and 18 radio stations under FMR (Favorite Music Radio).

Discussion of major projects and investments

Please refer to the attached Company Profile of PCMC.

List of subsidiaries and affiliates, with percentage holdings

Name of Subsidiary or Affiliate	% Ownership
None	0

Capital structure

Authorized capital stock

Type of Security	Amount	Number of Shares
Common	35,000,000.00	350,000

Subscribed Shares

Type of Security	Amount	Number of Shares
Common	35,000,000.00	350,000

Paid-Up Capital

Amount	35,000,000
Number of Shares	350,000

Issued Shares

Type of Security	Amount	Number of Shares
Common	35,000,000.00	350,000

Outstanding Shares

Type of Security	Amount	Number of Shares
Common	35,000,000.00	350,000

Par Value

Type of Security	Amount
Common	100.00

Ownership Structure (including percentage holdings)

Name	Number of Shares	% Ownership
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Shareholder	Number of Shares	Amount Subscribed and Paid Up (PhP)	Percentage of Ownership
Michelle Ayangco	174,997	17,499,700	49.99%
Hermogene H. Real	174,996	17,499,600	49.99%
Sofonias Gabonada Jr.	1	100	0
Ma. Fe Siscar	1	100	0
Glenn Jaro Capucion	1	100	0
Rachel Rodeles-Santiago	1	100	0
Bautista Corpin	1	100	0
Cheryl Chu	1	100	0
Minda de Paz	1	100	0

Board of Directors

Name	(Regular or Independent)
Sofonias Ponce Gabonada, Jr.	Regular
Ma Fe C. Siscar	Regular
Glenn Jaro Capucion	Regular
Rachel Rodeles-Santiago	Regular
Bautista G. Corpin	Regular

Principal Officers

Name	Position/Designation
Sofonias Ponce Gabonada, Jr.	President
Ma Fe C. Siscar	Vice President
Cheryl L. Chu	Treasurer
Jane D. Sioson	Corporate Secretary
Mary Norean C. Gabriela	Assistant Corporate Secretary

The interest which the directors of the parties to the transaction have in the transaction

Atty. Hermogene Real is the President and majority shareholder of Mairete Asset Holdings Inc., who owns 11% of the Company. Rolando S. Santos is a director and officer of Mairete Asset Holdings Inc. and the Company. There are no other material relationships between or involving PCMC Shareholders and PRIM, its directors, officers and/or stockholders of all the parties to the transaction

The directors of PRIM have no personal interest in the transaction.

Statement as to the steps to be taken, if any, to safeguard the interests of the shareholders

The Company shall conduct a Shareholders' Meeting to secure approval of the transaction.

The consideration shall be based on third party appraisal report to be confirmed by third party fairness opinion.

Other Relevant Information

Ms. Michelle F. Ayangco is 48 years old. She graduated from Rizal Technological University with a degree in BS Accountancy. She is a Certified Public Accountant. She is the current President and Chairman of Sequioa Business Management Corporation, Director and Corporate Secretary of Palm Avenue Realty and Development Corporation, Director and Treasurer of Palm Avenue Holdings Company Inc. and the Corporate Secretary of Trans Middle East Philippine Equities Inc.

Atty. Hermogene H. Real is 65 years old. She graduated from the University of the Philippines with a degree in Bachelor of Laws. She was admitted to the Philippine Bar in 1998. She is the President of Mairete Asset Holdings Inc. and Southern Estates Integrated Park Inc. She serves as Director to Bright Kindle Resources and Investments Inc., Brightgreen Resources Corp., Southern Alluvial Minerals and Alumina Resources Inc., Benguetcorp. Laboratories Inc. She holds the position of Corporate Secretary in Benguet Corporation, Benguetcorp. Nickel Mines Inc., and Universal Re Condominium Corporation. She is likewise the Assistant Corporate Secretary of Doña Remedios Trinidad Romualdez Medical Foundation Inc.

For 2021 and 2022, PCMC intends to expand its radio stations to other provinces under the brand, Favorite Music Radio (FMR) as part of its objectives to have nationwide radio broadcasting coverage.

For television programming and stations, PCMC is looking into entering into business arrangement or partnership to collaborate with companies that have media content and facilities but cannot broadcast the same due to lack of franchise, which will enable it to broadcast nationwide.

The declassification of PRIM's preferred shares is in line with the cleaning-up efforts of management to remove liabilities arising out of its previous banking operations. Said declassification is likewise an undertaking of PRIM under its 30 July 2021 Memorandum of Agreement with the RYM Business Corp, and the majority shareholders of Philippine CollectiveMedia Corp. Hence, after the closing

of transaction with PCMC, the preferred shares will now be zero and all will be converted to common shares. Currently, there is a total of 14,366,260 issued preferred shares subject to a conversion ratio of 25 preferred shares to 1 common share

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	8	0	7	5	7	8
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Company Name

P	H	I	L	I	P	P	I	N	E		C	O	L	L	E	C	T	I	V	E	M	E	D	I	A			
C	O	R	P	O	R	A	T	I	O	N																		

Principal Office (No./Street/Barangay/City/Town)Province)

3	F		U	N	I	V	E	R	S	A	L		R	E		B	U	I	L	D	I	N	G		1	0	6	
P	A	S	E	O		D	E		R	O	X	A	S		S	T	R	E	E	T		M	A	K	A	T	I	
C	I	T	Y																									

Form Type

A	A	F	S
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Department requiring the report

C	R	M	
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Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address

dsta_law@yahoo.com

Company's Telephone Number/s

(02) 88176046

Mobile Number

09774702426

No. of Stockholders

5

Annual Meeting
Month/Day

8-Dec

Fiscal Year
Month/Day

N/A

CONTACT PERSON INFORMATION

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

Name of Contact Person

MA. FE C. SISCAR

Email Address

dsta_law@yahoo.com

Telephone Number/s

(02)88176046

Mobile Number

09774702426

Contact Person's Address

Note: 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.

PHILIPPINE COLLECTIVEMEDIA CORPORATION

3rd Floor Universal Re Building
106 Paseo de Roxas Makati City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Philippine Collectivemedia Corporation ("the Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

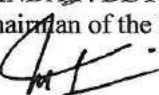
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Evalinda J. Idefonso Garcia, the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.


MINDA P. DE PAZ
Chairman of the Board


MA. FE C. SISCAR
Chief Executive Officer


ATTY. CHERYL CHU
Chief Financial Officer

Signed this _____ day of _____

PHILIPPINE COLLECTIVEMEDIA CORPORATION

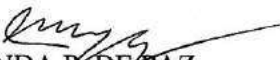
3rd Floor Universal Re Building
106 Paseo de Roxas Makati City


STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of Philippine Collectivemedia Corporation ("the Company") is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2019. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2019 and the accompanying Annual Income Tax Return are in accordance with the books and records of Philippine Collectivemedia Corporation, complete and correct in all material respects. Management likewise affirms that:

- a. the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- b. any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- c. the Philippine Collectivemedia Corporation has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.


MINDA P. DE PAZ
Chairman of the Board


MA. FE C. SISCAR
Chief Executive Officer


ATTY. CHERYL CHU
Chief Financial Officer



The Board of Directors and Shareholders
PHILIPPINE COLLECTIVE MEDIA CORPORATION
3F Universal Bldg., 106 Paseo De Roxas,
Makati City

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of PHILIPPINE COLLECTIVE MEDIA CORPORATION which comprise the statements of financial position as of the year ended December 31, 2019, the statement of income, statement of cash flows and statement of changes in stockholders' equity for the year then ended, and the accompanying notes to the financial statements, including a summary of significant accounting policies. The financial statements for 2018 were audited by another independent auditor and were presented here for comparative purposes.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PHILIPPINE COLLECTIVE MEDIA CORPORATION as of December 31, 2019 and of its operation, its cash flows and stockholders' equity including the accompanying notes to the financial statements for the year then ended in accordance with the Philippine Financial Reporting Standards (PFRS) for small and medium-sized entities (SMEs).

Basis for Opinion

I conducted my audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Corporation in accordance with the *Code of Ethics for Professional Accountants in the Philippines*, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SME's, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the



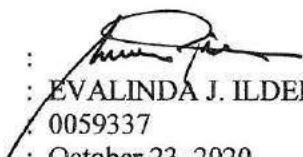
aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

My audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees in Note ___ to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

Signature	:	
NAME OF AUDITOR	:	EVALINDA J. ILDEFONSO- GARCIA
CPA NO.	:	0059337
PRC ID Valid Until	:	October 23, 2020
TIN	:	113-418-250-000
PTR No.	:	0133380, issued at TM, Cavite, on Jan. 03, 2020
BOA Accreditation No	:	1143, valid until October 23, 2021
BIR AN	:	09-004628-1-2020, valid until March 13, 2023

April 05, 2020
General Trias, Cavite



EVALINDA I. GARCIA

Certified Public Accountant

PRC Reg. No. 0059337

BOA Accred. No. 1143

BIR Accred. No. 09-004628-001-2020


CDA Accred No. CEA 0369

SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITOR

The Board of Directors and Shareholders
PHILIPPINE COLLECTIVE MEDIA CORPORATION
3F Universal Bldg., 106 Paseo De Roxas,
Makati City

I have examined the financial statements of PHILIPPINE COLLECTIVE MEDIA CORPORATION for the year ended December 31, 2019 on which I have rendered the attached report dated April 5, 2020.

In compliance with SRC Rule 68, I am stating that the said Company has two (2) stockholders owning one hundred (100) shares or more each as of December 31, 2019.

Signature	:	
NAME OF AUDITOR	:	EVALINDA J. ILDEFONSO-GARCIA
CPA NO.	:	0059337
PRC ID Valid Until	:	October 23, 2020
PTR No.	:	0133380 Jan. 03, 2020, TM, Cavite
TIN	:	113-418-250
BOA Accreditation No.	:	1143, until October 23, 2021
BIR AN	:	09-004628-001-2020 , until March 13, 2023

April 30, 2020
Gen. Trias, Cavite



EVALINDA I. GARCIA

Certified Public Accountant

PRC Reg. No. 0059337

BOA Accred. No. 1143

BIR Accred. No. 09-004628-001-2020

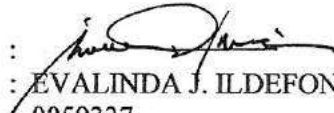
CDA Accred No. CEA 0369

TO THE SECURITIES AND EXCHANGE COMMISSION

In connection with my examination of the financial statements of PHILIPPINE COLLECTIVE MEDIA CORPORATION for the year ended December 31, 2019 which are to be submitted to the Commission, I hereby represent the following:

1. That I am in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);
2. That the financial statements are presented in conformity with generally accepted accounting principles in the Philippines in all cases where I shall express an unqualified opinion; Except that in case of any departure from such principles, I shall indicate the nature of the departure; the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;
3. That I shall fully meet the requirements of independence as provided under the Code of Professional Ethics for CPAs;
4. That in the conduct of the audit, I shall comply with the generally accepted auditing standards promulgated by the Board of Accountancy; in case any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure and the extent of the limitation, the reasons therefore and the effects thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion;
5. That I shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements; and
6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided under Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make these representations in my individual capacity as an independent auditor.

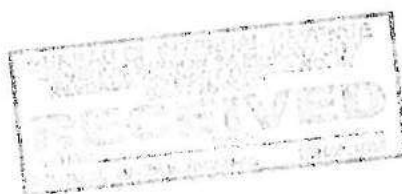
Signature : 
NAME OF AUDITOR : EVALINDA J. ILDEFONSO-GARCIA
CPA NO. : 0059337
PRC ID Expiry Date : October 23, 2020
PTR No. : PTR No. 0133380
Issued on : January 03, 2020
Issued at : Trece Martirez, Cavite
TIN : 113-418-250
BOA Accreditation No. : 1143, valid until October 23, 2021
BIR AN : 09-004628-001-2020
Expiry Date : March 13, 2023

April 30, 2020
Gen. Trias, Cavite

PHILIPPINE COLLECTIVEMEDIA CORPORATION
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Amounts in Philippine Pesos)

	2019		2018
A S S E T S			
Current Assets			
Cash	P 4,996,063		P 5,751,277
Trade and other receivables (Notes 2 and 4)	2,925,453		3,798,507
Other current assets	719,542		876,295
Total Current Assets	8,641,058		10,426,079
Non-Current Assets			
Property and equipment - net (Notes 2 and 5)	9,895,592		11,722,494
Deferred tax asset	4,794,353		3,287,227
Total Non-current Assets	14,689,945		15,009,721
TOTAL ASSETS	P 23,331,003		P 25,435,800
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liability			
Trade and other liabilities (Notes 2 and 6)	P 3,211,364		P 2,903,908
Non-current Liability			
Advances from stockholders (Notes 2 and 12)	25,691,957		24,770,866
Total Liabilities	28,903,321		27,674,774
Stockholders' Equity			
Capital stock (Note 8)	35,000,000		35,000,000
Deficit	(40,572,318)		(37,238,974)
Total Stockholders' Equity	(5,572,318)		(2,238,974)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	P 23,331,003		P 25,435,800

(See accompanying notes to financial statements)



24 JUN 2020

PHILIPPINE COLLECTIVEMEDIA CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Amounts in Philippine Pesos)

	2019	2018
CAPITAL STOCK		
Deficit		
Balance at beginning of year	(37,238,974)	(33,778,380)
Net loss this year	(3,333,344)	(3,460,594)
Balance at end of year	(40,572,318)	(37,238,974)
Total Stockholders' Equity	(P 40,572,318)	(P 37,238,974)

(See accompanying notes to financial statements)

PHILIPPINE COLLECTIVEMEDIA CORPORATION
STATEMENTS OF INCOME AND RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Amounts in Philippine Pesos)

	2019	2018
SERVICE REVENUE (Note 2)	P 4,812,983	P 5,367,803
COST OF SERVICES (Note 2 and 9)	885,500	708,015
GROSS PROFIT	3,927,483	4,659,788
OTHER OPERATING EXPENSES (Note 2 and 10)	8,699,156	9,615,894
INTEREST INCOME	9,753	12,400
INCOME (LOSS) BEFORE TAX	(4,761,920)	(4,943,706)
INCOME TAX EXPENSE	1,428,576	1,483,112
NET INCOME (LOSS) FOR THE YEAR	(P 3,333,344)	(P 3,460,594)

(See accompanying notes to financial statements)



24 JUN 2020

PHILIPPINE COLLECTIVEMEDIA CORPORATION
STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Amounts in Philippine Pesos)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	(P 4,761,920)	(P 4,943,706)
Adjustments for:		
Depreciation	1,826,901	1,826,901
Operating income before working capital changes	(2,935,019)	(3,116,805)
Decrease in trade and other receivables	794,505	619,730
Decrease (Increase) in other current assets	156,753	(1,613)
Decrease in trade and other payables	307,456	697,011
Cash generated from operations	(1,676,305)	(1,801,677)
Cash paid for income taxes	-	(107,471)
Net Cash From Operating Activities	(1,676,305)	(1,909,148)
CASH FLOWS FROM FINANCING ACTIVITY		
Advances from officers	921,091	637,456
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(755,214)	(1,271,692)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,751,277	7,022,969
CASH AND CASH EQUIVALENTS AT END OF YEAR	P 4,996,063	P 5,751,277

(See accompanying notes to financial statements)

PHILIPPINE COLLECTIVEMEDIA CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the year ended December 31, 2019 and 2018
Amounts in Philippine Peso

NOTE 1. GENERAL INFORMATION

PHILIPPINE COLLECTIVEMEDIA CORPORATION (herein referred to as the “Company”) is a domestic corporation registered with the Securities and Exchange Commission on May 21, 2008 with Registration No. CS200807578.

The Company is primarily engaged in radio and television broadcasting and has started its operations sometime in year 2011.

The Company’s registered principal office and place of business is at Universal-Re Building, 106 Paseo de Roxas, Legaspi Village, Makati City.

The Company adopts a calendar year of financial reporting ending December 31.

The financial statements as of and for the years ended **December 31, 2019** and 2018 have been approved and authorized for issue by the Board of Directors on April 5, 2020.

NOTE 2. FINANCIAL REPORTING FRAMEWORK

The financial reporting framework applied in the preparation of these financial statements is set out below. This framework has been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of financial statements preparation and statement of compliance

The financial statements of the Tacloban Ultrasteel Corporation have been prepared in accordance and in compliance with the Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs) issued by the Financial Reporting Standards Council of the Philippines and adopted by SEC. Further, the financial statements have been prepared under the historical cost convention, except for:

- a. those financial assets and liabilities classified as basic financial instruments under Section 11 of PFRS for SMEs and categorized as either measure at (i) amortized cost or less impairment, or (ii) fair value with changes in fair value recognized in profit or loss.
- b. the revaluation of investment properties under Section 20 of PFRS for SMEs.

The preparation of financial statements in conformity with PFRS for SMEs requires the use of certain accounting estimates. It also requires management to exercise its judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in *Note 3*.

2.2. Functional currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Philippine peso, which is the Company’s functional and presentation currency.

All values represent absolute amounts and are rounded to the nearest peso (₱1), except when otherwise indicated.

2.3. Summary of significant accounting policies

2.3.1. Statement of financial position captions

The following are descriptions of specific accounting policies on statement of financial position captions. Refer to the related Notes to Financial Statements for additional information.

Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognized when the entity becomes a party to its contractual provisions.

The PFRS for SMEs splits the financial instruments' requirements into two sections: Section 11 on basic financial instruments; and Section 12 on additional financial instrument issues. Only Section 11 applies and is relevant to the Company.

Financial assets

Financial assets are basic financial instruments categorized as either measured at (a) amortized cost or less impairment, or (b) fair value with changes in fair value recognized in profit or loss.

The Company's basic financial assets are presented, classified, recognized, measured, and disclosed in the financial statements as follows:

(a) Cash

Cash are carried at the statements of financial position at face value. It includes cash on hand and deposits in bank which are unrestricted and immediately available for use in the current operation. Cash in bank includes current / savings deposits in local Philippine bank. Cash in bank earned interest income at a specific interest rate.

(b) Trade and other receivables

Trade receivables arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting period which are classified as non-current assets. Trade receivables are recognized initially at the fair value being the transaction price or consideration at the time of sale and are subsequently measured at amortized cost using the effective interest method, less provision for impairment. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated cash flows (*see Note 4*).

Derecognition of financial assets

All financial assets are recognized on their trade date. Derecognition of financial assets occurs only when:

- (a) the contractual rights to the cash flows from the financial asset expire or are settled, or
- (b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or
- (c) the Company has retained some significant risks and rewards but has transferred control of the asset to another party. The asset is therefore derecognized, and any rights and obligations created or retained are recognized.

Financial liabilities

The Company's basic financial liabilities as defined under Section 11 of PFRS for SMEs are presented, classified, recognized, measured, and disclosed in the financial statements as follows:

(a) Trade and other liabilities

Trade and other liabilities arise when the Company receives money, goods, or services from supplier or creditor. They are included in current liabilities, except for maturities greater than 12 months after the reporting period which are classified as non-current liabilities. Trade and other liabilities are recognized initially at their transaction price and subsequently measured at amortized cost less settlement payments. This account includes payable to suppliers, dividends payable and other liabilities (see Note 6).

(b) Advances from stockholders

The Company's related party transaction represents non-interestbearing advances made from its stockholders and officers for additional working capital. It is recognized at fair value of the advances received.

Derecognition of financial liabilities

Financial liabilities are derecognized only when they are extinguished – that is, when the obligation is discharged, cancelled or expired.

Other current and non-current assets

Other current and non-current assets is composed of unapplied input tax and prior year's excess tax credits.

Property and equipment

Property and equipment are valued at cost less accumulated depreciation and any impairment in value. The initial cost of property and equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working conditions and location for its intended use. Additions, betterments, and major replacements are capitalized while minor repairs and maintenance are charged to expense as incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and any impairment loss are removed from the account and any resulting gain or loss is credited or charged to results of operations for the year.

Depreciation is computed using the straight-line method based on the estimated useful lives as follows:

<u>Category</u>	<u>Estimated useful life (in years)</u>
Studio and recording equipment	10 years
Furniture and fixtures	10 years
Office equipment	10 years
Transportation equipment	10 years

The Company's management periodically monitors the conditions of the property and equipment as well as the depreciation method used and the estimates on related useful lives to ensure that estimates adopted represent the actual situation.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognized.

Repairs and maintenance are charged to income during the year in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess originally assessed standard or performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the useful life of the related asset.

Gains and losses on disposals, if any, are determined by comparing the proceeds with the carrying amount and the recognized within 'other gains (losses)' in the statement of comprehensive income.

Related party transactions and relationships

A related party transaction is a transfer of resources, services or obligations between the Company and related party, regardless of whatever a price is charged.

A person or a close member of that person's family is related to the Company if that person

- has control or joint control over the Company;
- has significant influence over the Company; or
- is a member of the key management personnel of the reporting entity or a parent of the Company.

An entity is related to the Company if any of the following conditions apply:

- the entity and the Company are members of the same group which means that each parent, subsidiary and fellow subsidiary is related to the others;
- one entity is an associate or joint venture of the other entity or an associate or joint venture of a member of a group of which the other entity is a member;
- both entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- the entity is controlled or jointly controlled by a person who is a related party as identified above; and
- a person that has control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity.

The related party transactions of the Company are shown in *Note 12*.

Provisions and contingencies

Recognition and initial measurement

A provision is recognized only when: the entity has a present obligation to transfer economic benefits as a result of past event; it is probable (more likely than not) that an entity will be required to transfer economic benefits in settlement of an obligation; and the amount of the obligation can be estimated reliably.

The amount recognized as a provision is the best estimate of the amount required to settle the obligation at the reporting period. Where material, the amount of provision is the present value of the amount expected to be required to settle the obligation.

A present obligation arising from a past event may take the form either of a legal or constructive obligation. An obligating event leaves management no realistic alternative to settling the obligation. If management can avoid future the expenditure by its future actions, it has no present obligation, and no provision is required. For example, management cannot recognize a provision based solely on intent or legislative requirement to incur obligation at some future date.

When some or the entire amount required to settle a provision is reimbursed by another party, management recognizes the reimbursement as a separate asset only when it is virtually certain that it will receive the reimbursement on settlement of the obligation. The reimbursement receivable is presented on the statement of financial position as an asset and is not offset against the provision. The amount of any expected reimbursement is disclosed. Net presentation is permitted in the statement of comprehensive income.

Management reviews provisions at each reporting period and adjust them to reflect the current best estimate of the amount that would be required to settle the obligation at that reporting period.

Contingent liabilities

A contingent liability is either a possible but uncertain obligation, or a present obligation that is not recognized as a liability because either it is not probable an outflow will occur, or the amount cannot be measured reliably. Management does not recognize (but discloses) contingent liability as a liability unless it has been acquired in a business combination.

Contingent assets

Contingency assets are not recognized. When the realization of benefits is virtually certain, the related asset is not a contingent asset but meets the definition of asset and is recognized as such.

The Company has no contingencies as of December 31, 2019 and 2018.

Equity

Equity is the residual interest in the Company's assets after deducting all its liabilities. Equity includes paid up share capital by shareholders of the Company, plus additions to those investments earned through profitable operations and retained for use in the Company's operations, minus reductions to owners' investments as a result of unprofitable operations and distributions to shareholders.

Share capital – represents paid up capital contributions of the stockholders.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Retained earnings (Deficit) – include all current and prior period results as disclosed in the statement of profit or loss. Appropriated retained earnings are those earnings earmarked and separated by the Company for specific use as approved by the Board of Directors.

Events after the end of the reporting period

Events after the end of the reporting period may qualify as adjusting events or non-adjusting events. Adjusting events provide further evidence of conditions that existed at the end of the reporting period and lead to adjustments to the financial statements.

Non-adjusting events relate to conditions that arose after the end of the reporting period and do not lead to adjustments, only to disclosures in the financial statements.

Management discloses the date on which the financial statement was authorized for issue and who gave that authorization. If the owners or other persons have the power to amend the financial statements after issue, this fact is also disclosed.

The event after the end of the reporting period for disclosure is the date of authorization for issue of the financial statements as authorized by the Board of Directors (*see Note 13*).

2.3.2. Statement of profit or loss captions

The following are description of specific statement of profit or loss captions. Refer to the related Notes to Financial Statements for additional information.

Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliability.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of service. Revenue is recognized when the related services have been rendered or when it is probable that future economic benefits will flow to the Company and these benefits can be measured reliably.

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for services rendered, excluding value-added tax and trade discounts.

Cost of services and expenses recognition

Cost of services and expenses are recognized in the statement of profit or loss utilization of the service or at the date they are incurred (*see Notes 9 and 10*).

Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by its employees. These benefits include salary-related benefits (such as wages, salaries, profit-sharing, bonuses, long-service leave and share-based payments), termination benefits (such as severance or redundancy pay) and post-employment benefits (such as retirement benefit plans).

(a) Short-term benefits

Short-term employee benefits include items such as wages, salaries and social security contributions, 13th month pay, bonuses, allowances and other short-term benefits received by the employees during the current period. Short term benefits are recognized at the undiscounted amounts of benefits expected to be paid in exchange of services. Short-term benefits are shown as part of 'general and administrative expenses' in the statements of profit or loss amounting to ₱4,876,561 and ₱5,489,403 for the years ended **December 31, 2019** and 2018, respectively (*see Notes 9 and 10*).

(b) Retirement or post-employment benefits

Republic Act (RA) No. 7641 (new Retirement Law) took effect on January 7, 1993. Under the said law, the Company is required to provide minimum retirement benefits to qualified retiring.

The Company did not accrue any pension benefit expenses or pension benefit obligation. No retirement benefit was accrued as of **December 31, 2019** and 2018 as there is no qualified employee in accordance with R.A. 7641.

Impairment of assets

An assessment is made at each reporting period to determine whether there is objective evidence that a specific financial or non-financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the statement of profit or loss. Discussion on the following asset impairment and how management exercises its judgement are found in *Note 3*.

- *Impairment of financial assets measured at cost or amortized cost;*
- *Impairment of non-financial assets other than inventories; and*
- *Impairment of inventories.*

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in the profit or loss.

Current and deferred income taxes

The tax expense for the period comprises of current and deferred tax. Tax is recognized in profit or loss, except that a change attributable to an item of income or expense recognized as other comprehensive income is also recognized directly in other comprehensive income.

Current income tax is the expected amount payable on the taxable income for the period and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognized for all temporary difference that are expected to reduce taxable profit in the

future. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

Deferred tax assets are also recognized for any unused net operating loss carryover (NOLCO) and tax credits from excess minimum corporate income tax (MCIT).

The net carrying amount of deferred tax assets is reviewed at each reporting period and is adjusted to reflect the current assessment of future taxable profits. Any adjustment is recognized in profits or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (loss) of the periods in which it expects the deferred tax asset to be realized or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantially enacted by the end of the reporting period. A valuation allowance is provided, on the basis of past years and future expectations, when it is not probable that taxable profits will be available against which the future income tax deductions can be utilized.

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

Related balances on income tax items are shown in *Note 7*.

NOTE 3. CRITICAL AND SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Company makes estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal the related actual results. The estimates, judgment and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical judgments in applying accounting policies

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimation, which have the most significant effect on the financial statements.

- *Functional currency.* Based on economic substance of the underlying circumstances relevant to the Company, the functional currency has been determined to be the Philippine peso. It is the currency that mainly influences the normal operations of the Company.
- *Revenue and expense recognition.* The Company's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and expenses. In making judgement, the Company considered the detailed criteria for the recognition of revenue set out in Section 23 of PFRS for SMEs.
- *Recognition of deferred income taxes.* Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management of judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable profits together with future tax planning strategies.
- *Provisions and contingencies.* Judgment is exercised by management to distinguish between provisions and disclosures of contingencies.

Management's use of estimates

The key assumptions concerning the future and other sources of estimating uncertainty at the reporting period that are significant to the carrying value of the assets and liabilities are as follows:

- *Revenue, cost and expense recognition.* The Company's revenue, cost and expense recognition requires the use of estimates and assumptions that may affect the recorded amounts of revenue, cost of sales, and expenses. The Company's revenues, costs and expenses recognition policies are discussed in *Note 2*.
- *Estimating useful lives of property and equipment.* The useful life of property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of the industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of the asset. It is possible, however, that future financial performance could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the useful life of any investment property and property and equipment would increase the recorded general and administrative expenses and decrease non-current assets.
- *Evaluation of asset impairment.* The Company reviews property and equipment for impairment in value. Impairment is assessed regularly. This includes considering certain indicators of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

The Company recognizes an impairment loss when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher between the asset's net selling price or value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while the value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

- *Realizable amount of deferred tax assets.* The Company reviews its deferred tax asset at each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.
- *Pension benefits.* The Company has not accrued any estimated pension benefit obligation. Based on its current employee profile, none is qualified yet to any retirement benefit as provided under R.A. 7641; hence, no accrual was made in 2019 and 2018.

The Company believes that non-accrual on retirement benefit has no impact to the financial statements to the Company. Hence, its non-recognition is immaterial to the Company.

- *Income taxes.* The Company is subject to income taxes. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Further, management makes estimate in setting up any valuation allowance on its deferred tax assets. Items on income taxes are shown in *Note 7*.

NOTE 4. TRADE AND OTHER RECEIVABLES

This account consists of:

	2019	2018
Accounts receivable – trade	₱2,232,883	₱3,210,110
Accounts receivable – nontrade	42,625	22,825
Advances to officers and employees	649,945	565,572
	₱2,925,453	₱3,798,507

NOTE 5. PROPERTY AND EQUIPMENT, NET

Depreciation is charged to ‘operating expenses’ amounting to **₱1,826,901** for the year ended December 31, 2019, [2018: ₱1,826,901] (see Note 10). The same amount of depreciation is presented as part of ‘operating activities’ in the statements of cash flows. Details are as follows:

YEAR 2019	Studio / Recording equipment	Furniture and fixtures	Office equipment	Transportation equipment	TOTAL
Cost					
At January 1	P 14,992,695	267,202	2,157,734	854,107	P 18,271,738
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
At December 31	14,992,695	267,202	2,157,734	854,107	18,271,738
Accumulated Depreciation and Impairment:					
At January 1	5,422,956	183,853	714,673	227,762	6,549,244
Depreciation	1,498,997	26,720	215,773	85,411	1,826,901
Impairment loss	0	0	0	0	0
At December 31	6,921,953	210,573	930,446	313,173	8,376,145
Net carrying value, 12/31/2019	P 8,070,742	56,629	1,227,288	540,934	P 9,895,593

YEAR 2018	Studio / Recording equipment	Furniture and fixtures	Office equipment	Transportation equipment	TOTAL
Cost					
At January 1	P 14,992,695	267,202	2,157,734	854,107	P 18,271,738
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
At December 31	14,992,695	267,202	2,157,734	854,107	18,271,738
Accumulated Depreciation and Impairment:					
At January 1	3,923,959	157,133	498,900	142,351	4,722,343
Depreciation	1,498,997	26,720	215,773	85,411	1,826,901
Impairment loss	0	0	0	0	0
At December 31	5,422,956	183,853	714,673	227,762	6,549,244
Net carrying value, 12/31/2018	P 9,569,739	83,349	1,443,061	626,345	P 11,722,494

Effective July 2008, Republic Act 9504 was approved giving corporate taxpayers an option to claim itemized deduction or optional standard deduction (OSD) equivalent to 40% of gross profit. Once the option to use OSD is made, it shall be irrevocable for the taxable year for which the option was made.

In 2019 and 2018, the Company opted to continue claiming itemized deductions.

7.2. Deferred tax asset

The composition and movement of deferred tax asset is shown below:

	2019	2018
Balance, January 1	₱3,287,227	₱ 1,710,919
Additions (Applications)		
NOLCO	1,428,576	1,483,112
Deferred MCIT charges	78,550	93,196
Expired		
Balance, December 31	₱4,794,352	₱ 3,287,227

Taxes and licenses amounting to ₱85,170 for the year ended December 31, 2019, [2018: ₱12,067] are shown in Note 10.

NOTE 8. STOCKHOLDERS' EQUITY

	No. of Shares		Amount	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Ordinary shares - ₱100 par value				
Authorized 350,000 shares				
Authorized:				
Balance at beginning of year	350,000	350,000	₱35,000,000	₱35,000,000
Issued during the year	-	-	-	-
Balance at end of year	<u>350,000</u>	<u>350,000</u>	<u>35,000,000</u>	<u>35,000,000</u>
Subscribed:				
Balance at beginning of year	350,000	350,000	35,000,000	35,000,000
Issued during the year	-	-	-	-
Balance at end of year	<u>350,000</u>	<u>350,000</u>	<u>35,000,000</u>	<u>35,000,000</u>
Subscription receivable:				
Balance at beginning of year			-	-
Issued/Collection during the year			-	-
Balance at end of year			<u>-</u>	<u>-</u>
Paid-up share capital			₱35,000,000	₱35,000,000

As of December 31, 2019, the Company has two (2) stockholders owning 100 or more shares each of the Company's capital stock.

NOTE 9. COST OF SERVICES

Cost of services us computed as follows:

	2019	2018
Salaries and other employee benefits	₱669,500	₱ 492,015
Operating supplies	216,000	216,000
Cost of services	₱885,500	₱ 708,015

NOTE 10. GENERAL AND ADMINISTRATIVE EXPENSES

This account is composed of:

	2019	2018
Salaries, wages and employee benefits	₱3,859,915	₱ 4,367,391
Depreciation (<i>see Note 5</i>)	1,826,901	1,826,901
Professional / Directors fee	1,110,000	710,000
SSS/ PHIC/ HDMF – ER Share	347,146	629,997
Communication, light and water	394,730	386,913
Miscellaneous	308,037	170,711
Office supplies	293,375	301,647
Representation	124,021	269,150
Repairs and maintenance	99,918	167,024
Transportation and travel	61,621	154,873
Commission	99,621	143,121
Dues and subscription	67,401	72,331
Fuel and oil	21,300	64,266
Taxes and licenses	85,170	12,067
Rental	-	339,502
	₱8,699,156	₱ 9,615,894

NOTE 11. COMMITMENTS AND CONTINGENCIES

The Company has no existing pending legal cases where it is the defendant which would require disclosure that is normally required by *PAS 37*, 'Provisions, Contingent Liabilities and Contingent Assets'.

NOTE 12. RELATED PARTY TRANSACTIONS

The Company's related party transactions are summarized below:

(a) *Transactions of the Company with retirement fund*

As stated in *Note 2*, the Company has no retirement fund / plan asset yet as of **December 31, 2019** and 2018; hence, there are no transactions to be reported in this section. The Company believes that non-setting up of the fund has no material impact to the Company's operation.

(b) Related party advances

The Company availed non-interest bearing advances from its stockholders and officers for additional working capital. Balance as of December 31, 2019 amounts to ₱25,691,957 [2018: ₱24,770,866]. The movement of advances is shown below:

	2019	2018
Beginning balance	₱24,770,866	₱ 24,133,410
Advances obtained	921,091	637,456
Advances paid	-	-
Ending balance	₱25,691,957	₱ 24,770,866

Except for the foregoing, there are no other transactions with the related parties during the periods.

NOTE 13. EVENTS AFTER THE REPORTING PERIOD

The financial statements were approved and authorized for issue by the Board of Directors on April 5, 2020.

Aside from the above-mentioned, there are no significant events after reporting period that need adjustment or disclosure.

NOTE 14. SUPPLEMENTARY INFORMATION REQUIRED BY THE BIR

The Bureau of Internal Revenue (BIR) issued on November 25, 2010, Revenue Regulations (RR) 15-2010, Amending Certain Provisions of Revenue Regulations No. 21-2002, as Amended, Implementing Section 6 (H) of the Tax Code of 1997, Authorizing the Commissioner of Internal Revenue to Prescribe Additional Procedural and/or Documentary Requirements in Connection with the Preparation and Submission of Financial Statements Accompanying Income Tax Returns. Under the said RR, companies are required to provide, in addition to the disclosures mandated under PFRS, and such other standards and/or conventions as may be adopted, in the notes to the financial statements, information on taxes, duties and license fees paid or accrued during the taxable year.

However, the Company opted to present such information in a separate schedule to be attached to the financial statements for filing with the BIR. The supplementary information is not a required part of the basic financial statements under PFRSs for SMEs.

Additional disclosure in the notes to the financial statements is also required under Revenue Regulations (RR) 19-2011 of the following schedules (a) sales/receipts/fees; (b) costs of sales/services; (c) non-operating and taxable; (d) itemized deductions (if the taxpayer did not avail of OSD); (e) taxes and licenses; and (f) other information prescribed to be disclosed in the notes to the financial statements. Items a to d are presented in *Notes 9 and 10* while schedule of taxes and licenses are presented in a separate schedule attached to the financial statements.

**STATEMENT OF MANAGEMENT RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The Management of **PHILIPPINE COLLECTIVEMEDIA CORPORATION** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.


In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders of the Company.

Ethel Jane P. Benitez, the independent auditor appointed by the Board of Directors, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders has expressed its opinion on the fairness of presentation upon completion of such audit.


MINDA DE PAZ
Chairman of the Board


MA. FE C. SISCAR
Chief Executive Officer


ATTY. CHERYL CHU
Chief Financial Officer

Signed this 08th day of April, 2019



09 MAY 2019

**STATEMENT OF MANAGEMENT RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**

April 08, 2019

The Management of **PHILIPPINE COLLECTIVEMEDIA CORPORATION** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2018. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return/Annual Information Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited to, the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management ~~affirms~~ **EARLY RELEASE FOR USES ONLY** that the attached audited financial statements for the year ended December 31, 2018 and the accompanying Annual Income Tax Return are in accordance with the books and records of **PHILIPPINE COLLECTIVEMEDIA CORPORATION** complete and correct in all material respects. Management likewise affirms that:

- a. the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- b. any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Partnership's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances; and
- c. the Management of **PHILIPPINE COLLECTIVEMEDIA CORPORATION** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other imposition shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.



MINDA P. DE PAZ

Chairman of the Board



MA. FE C. SISCAR

Chief Executive Officer



ATTY. CHERYL L. CHU

Chief Financial Officer



09 MAY 2019

Ethel Jayne P. Benitez
Certified Public Accountant
Bgy. 110 Utap, Maharlika Highway, Tacloban City

SUPPLEMENTAL AUDITOR'S REPORT

The Stockholders and the Board of Directors
PHILIPPINE COLLECTIVEMEDIA CORPORATION
Universal-Re Building 106 Paseo de Roxas
Legaspi Village, Makati City

I have examined the financial statements of **PHILIPPINE COLLECTIVEMEDIA CORPORATION** for the year ended December 31, 2018, on which I have rendered my report dated April 8, 2019.

In compliance with Section 8-A of Revenue Regulations No. V-1, and 15-2010, I am stating the following:

1. That the taxes and licenses paid and accrued by the Company for the year ended December 31, 2018 are shown in a separate schedule attached to the financial statements; and
2. That I am not related by consanguinity or affinity to the President, Manager, or principal stockholder of the Company.

Further, in compliance with SRC Rule 68, as amended, and based on the certification received from the Company's corporate secretary and the results of the work done, the Company has two (2) stockholders each owning one hundred (100) or more shares as of December 31, 2018.



ETHEL JAYNE P. BENITEZ

CPA License No. 0149999, valid until 05/18/2019
BOA Reg No. 6952 valid until 05/18/2020
BIR Accreditation No. 14-000032-1-2018 valid until 03/06/2021
PTR No. 7836625 issued on 01/08/2019 in City of Tacloban
TIN 296-098-311

Tacloban City, Philippines
April 8, 2019



09 MAY 2019

Ethel Jayne P. Benitez
Certified Public Accountant
Bgy. 110 Utap, Maharlika Highway, Tacloban City

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
PHILIPPINE COLLECTIVEMEDIA CORPORATION
Universal-Re Building 106 Paseo de Roxas
Legaspi Village, Makati City

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of **PHILIPPINE COLLECTIVEMEDIA CORPORATION**, which comprise the statements of financial position as at December 31, 2018 and 2017, and the related statements of profit or loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **PHILIPPINE COLLECTIVEMEDIA CORPORATION** as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs).

Basis for Opinion

I conducted my audits in accordance with Philippine Standards on Auditing (PSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in the Philippines, the Code of Ethics for Professional Accountants in the Philippines (Philippines Code of Ethics), and I have fulfilled my other ethical responsibilities in accordance with these requirements in the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period.

I have determined that there were no key audit matters to communicate in my report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.



Ethel Jayne P. Benitez
Certified Public Accountant
Bgy. 110 Utap, Maharlika Highway, Tacloban City

PHILIPPINE COLLECTIVEMEDIA CORPORATION, Auditor's Report, page 2.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

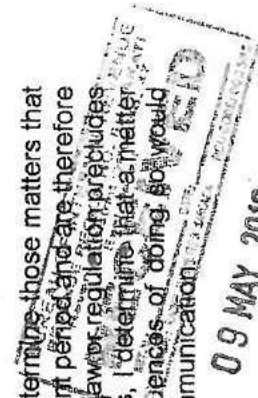
I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during our audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



09 MAY 2019



Ethel Jayne P. Benitez
Certified Public Accountant
Bgy. 110 Utap, Maharlika Highway, Tacloban City

PHILIPPINE COLLECTIVEMEDIA CORPORATION, Auditor's Report, page 3:

Report on Other Regulatory Matter

My audits was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in the Notes to Financial Statements is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements. Such information is the responsibility of the management of **PHILIPPINE COLLECTIVEMEDIA CORPORATION**. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



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TIN 296-098-311

Tacloban City, Philippines
April 8, 2019

FOR BIR PURPOSES ONLY





PHILIPPINE COLLECTIVEMEDIA CORPORATION
 Universal Re-Building 106 Paseo de Roxas, Legaspi Village, Makati City

STATEMENTS OF FINANCIAL POSITION
As of December 31, 2018 and 2017
 In Philippine Peso

	2018	2017
ASSETS		
Current Assets		
Cash (Notes 2, 3 and 4)	P 5,751,277	P 7,022,969
Trade and other receivables (Notes 2 and 5)	3,798,507	4,418,237
Other current assets (Note 2)	876,295	860,407
<i>Total current assets</i>	10,426,079	12,301,613
Non-Current Assets		
Property and equipment - Net (Notes 2, 3 and 6)	11,722,494	13,549,395
Deferred tax asset (Notes 2 and 8)	3,287,227	1,710,919
<i>Total non-current assets</i>	15,009,721	15,260,314
TOTAL ASSETS	P 25,435,800	P 27,561,927
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade and other liabilities (Notes 2, 3 and 7)	P 2,903,908	P 2,206,897
Non-Current Liabilities		
Advances from stockholders (Notes 2 and 13)	24,770,866	24,133,410
<i>Total Liabilities</i>	27,674,774	26,340,307
Stockholders' Equity		
Paid-up ordinary share capital (Notes 2 and 9)	35,000,000	35,000,000
Deficit (Note 2)	(37,238,974)	(33,778,380)
<i>Capital deficiency</i>	(2,238,974)	1,221,620
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	P 25,435,800	P 27,561,927

See accompanying Notes to Financial Statements.



09 MAY 2019

PHILIPPINE COLLECTIVEMEDIA CORPORATION
 Universal Re-Building 106 Paseo de Roxas, Legaspi Village, Makati City

STATEMENTS OF PROFIT OR LOSS
For the years ended December 31, 2018 and 2017
 In Philippine Peso

	2018	2017
Service revenues (Note 2)	P 5,367,803	P 4,794,731
Cost of services (Notes 2, 3 and 10)	(708,015)	(796,729)
Gross profit (loss)	4,659,788	3,998,002
General and administrative expenses (Notes 2, 3 and 11)	(9,615,894)	(9,446,683)
Interest income (Note 2)	12,400	12,150
Loss before tax	(4,943,706)	(5,436,531)
Income tax expense (Notes 2, 3 and 8)		
Current tax expense	-	-
Income tax benefit	1,483,112	1,630,959
Net loss for the year	P (3,460,594)	P (3,805,572)

See accompanying Notes to Financial Statements.

FOR SEC PURPOSES ONLY



PHILIPPINE COLLECTIVEMEDIA CORPORATION
 Universal Re-Building 106 Paseo de Roxas, Legaspi Village, Makati City

STATEMENTS OF CHANGES IN EQUITY
 For the years ended December 31, 2018 and 2017
 In Philippine Peso

	2018	2017
Share capital - P35,000,000 divided into 350,000 shares at P100 par value per share; all ordinary shares.		
Subscribed and issued share capital:		
Balance, beginning of the year	P 35,000,000	P 8,750,000
Issuance during the year	26,250,000	26,250,000
Balance, end of the year	35,000,000	35,000,000
Subscription receivable		
Paid-up share capital	35,000,000	35,000,000
Deficit		
Balance, beginning of the year	(33,778,380)	(29,972,808)
Net loss for the year	(3,460,594)	(3,805,572)
Balance, end of the year	(37,238,974)	(33,778,380)
TOTAL STOCKHOLDERS' EQUITY	P (2,238,974)	P 1,221,620

See accompanying Notes to Financial Statements.



09 MAY 2018

PHILIPPINE COLLECTIVEMEDIA CORPORATION
 Universal Re-Building 106 Paseo de Roxas, Legaspi Village, Makati City

STATEMENTS OF CASH FLOWS
For the years ended December 31, 2018 and 2017
 In Philippine Peso

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	P (4,943,706)	P (5,436,531)
Adjustments for:		
Depreciation (Note 6)	1,826,901	1,826,901
Operating loss before working capital changes	(3,116,805)	(3,609,630)
Decrease (increase) in:		
Trade and other receivables	619,730	755,092
Other current assets	(1,613)	445,667
Increase (decrease) in:		
Trade and other liabilities	697,011	195,180
Cash used in operation	(1,801,677)	(2,213,691)
Cash paid for income taxes	(107,471)	(116,328)
Net cash used in operating activities	(1,909,148)	(2,330,019)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment (Note 6)	-	(6,549)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid for subscribed and paid-up capital	-	26,250,000
Advances from stockholders (Note 13)	637,456	(23,909,107)
Net cash provided by financing activities	637,456	2,340,893
NET DECREASE IN CASH	(1,271,692)	4,325
CASH AT THE BEGINNING OF THE YEAR	7,022,969	7,018,644
CASH AT THE END OF THE YEAR	P 5,751,277	P 7,022,969

See accompanying Notes to Financial Statements.



09 MAY 2019

PHILIPPINE COLLECTIVEMEDIA CORPORATION

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2018 and 2017
Amounts in Philippine Peso

Note 1. General Information

PHILIPPINE COLLECTIVEMEDIA CORPORATION (herein referred to as the "Company") is a domestic corporation registered with the Securities and Exchange Commission on May 21, 2008 with registration no. CS200807578.

The Company is primarily engaged in radio and television broadcasting and has started its operations sometime in year 2011.

The Company's registered principal office and place of business is at Universal-Re Building, 106 Paseo de Roxas, Legaspi Village, Makati City.

The Company adopts a calendar year of financial reporting ending December 31.

The financial statements as of and for the years ended **December 31, 2018** and 2017 have been approved and authorized for issue by the Board of Directors on April 8, 2019.

Note 2. Financial Reporting Framework

The financial reporting framework applied in the preparation of these financial statements is set out below. This framework has been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of financial statements preparation and statement of compliance

The financial statements of the Tacloban Ultrasteel Corporation have been prepared in accordance and in compliance with the Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs) issued by the Financial Reporting Standards Council of the Philippines and adopted by SEC. Further, the financial statements have been prepared under the historical cost convention, except for:

- a. those financial assets and liabilities classified as basic financial instruments under Section 11 of PFRS for SMEs and categorized as either measured at: (i) amortized cost or less impairment, or (ii) fair value with changes in fair value recognized in profit or loss.
- b. the revaluation of investment properties under Section 20 of PFRS for SMEs.

The preparation of financial statements in conformity with PFRS for SMEs requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying its accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 Functional currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Philippine peso, which is the Company's functional and presentation currency.

All values represent absolute amounts and are rounded to the nearest peso (P1), except when otherwise indicated.

2.3 Summary of significant accounting policies

2.3.1 Statement of financial position captions

The following are descriptions of specific accounting policies on statement of financial position captions. Refer to the related Notes to Financial Statements for additional information.

Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognized when the entity becomes a party to its contractual provisions.

The PFRS for SMEs splits the financial instruments' requirements into two sections: Section 11 on basic financial instruments; and Section 12 on additional financial instrument issues. Only Section 11 applies and is relevant to the Company.

Financial assets

Financial assets are basic financial instruments categorized as either measured at: (a) amortized cost or less impairment, or (b) fair value with changes in fair value recognized in profit or loss. The Company's basic financial assets are presented, classified, recognized, measured, and disclosed in the financial statements as follows:

(a) Cash

Cash are carried at the statements of financial position at face value. It includes cash on hand and deposits in bank which are unrestricted and immediately available for use in the current operation. Cash in bank includes current / savings deposits in local Philippine bank. Cash in bank earned interest income at a specific interest rate (see Note 4).

(b) Trade and other receivables

Trade receivables arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting period which are classified as non-current assets. Trade receivables are recognized initially at the fair value being the transaction price or consideration at the time of sale and are subsequently measured at amortized cost using the effective interest method, less provision for impairment. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated cash flows (see Note 5).

Derecognition of financial assets

All financial assets are recognized on their trade date. Derecognition of financial assets occurs only when:

- (a) the contractual rights to the cash flows from the financial asset expire or are settled, or
- (b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or
- (c) the Company has retained some significant risks and rewards but has transferred control of the asset to another party. The asset is therefore derecognized, and any rights and obligations created or retained are recognized.

Financial liabilities

The Company's basic financial liabilities as defined under Section 11 of PFRS for SMEs are presented, classified, recognized, measured, and disclosed in the financial statements as follows:

(a) Trade and other liabilities

Trade and other liabilities arise when the Company receives money, goods, or services from supplier or creditor. They are included in current liabilities, except for maturities greater than 12 months after the reporting period which are classified as non-current liabilities. Trade and other liabilities are recognized initially at their transaction price and subsequently measured at

amortized cost less settlement payments. This account includes payable to suppliers, dividends payable and other liabilities (see Note 7).

(b) Advances from stockholders

The Company's related party transaction represents non-interest bearing advances made from its stockholders and officers for additional working capital (see Note 8). It is recognized at fair value of the advances received.

Derecognition of financial liabilities

Financial liabilities are derecognized only when they are extinguished- that is, when the obligation is discharged, cancelled or expired.

Other current and non-current assets

Other current and non-current assets is composed of unapplied input tax and prior year's excess tax credits.

Unapplied input tax is recognized based on the unapplied balance as of reporting period. Balances of this account as of **December 31, 2018** amounts to **₱876,295** and [2017: ₱860,407].

Property and equipment

Property and equipment are valued at cost less accumulated depreciation and any impairment in value. The initial cost of property and equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working conditions and location for its intended use. Additions, betterments, and major replacements are capitalized while minor repairs and maintenance are charged to expense as incurred. When assets are retired or otherwise disposed off, the cost and related accumulated depreciation and any impairment loss are removed from the account and any resulting gain or loss is credited or charged to results of operations for the year.

Depreciation is computed using the straight – line method based on the estimated useful lives as follows:

<u>Category</u>	<u>Estimated useful life (in years)</u>
Studio and recording equipment	10 years
Furniture and fixtures	10 years
Office equipment	10 years
Transportation equipment	10 years

The Company's management periodically monitors the conditions of the property and equipment as well as the depreciation method used and the estimates on related useful lives to ensure that estimates adopted represent the actual situation.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognized.

The carrying value of property and equipment amounts to **₱11,722,494** as of **December 31, 2018** [2017: ₱13,549,395] (see Note 6).

Repairs and maintenance are charged to income during the year in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess originally assessed standard or performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the useful life of the related asset.

Gains and losses on disposals, if any, are determined by comparing the proceeds with the carrying amount and the recognized within "other gains (losses)" in the statement of comprehensive income.

Related party transactions and relationships

A related party transaction is a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

A person or a close member of that person's family is related to the Company if that person

- has control or joint control over the Company;
- has significant influence over the Company; or
- is a member of the key management personnel of the reporting entity or of a parent of the Company.

An entity is related to the Company if any of the following conditions apply:

- the entity and the Company are members of the same group which means that each parent, subsidiary and fellow subsidiary is related to the others;
- one entity is an associate or joint venture of the other entity or an associate or joint venture of a member of a group of which the other entity is a member;
- both entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- the entity is controlled or jointly controlled by a person who is a related party as identified above; and
- a person that has control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity.

The related party transactions of the Company are shown in Note 13.

Provisions and contingencies

Recognition and initial measurement

A provision is recognized only when: the entity has a present obligation to transfer economic benefits as a result of past event; it is probable (more likely than not) that an entity will be required to transfer economic benefits in settlement of an obligation; and the amount of the obligation can be estimated reliably.

The amount recognized as a provision is the best estimate of the amount required to settle the obligation at the reporting period. Where material, the amount of provision is the present value of the amount expected to be required to settle the obligation.

A present obligation arising from a past event may take the form either of a legal or constructive obligation. An obligating event leaves management no realistic alternative to settling the obligation. If management can avoid future the expenditure by its future actions, it has no present obligation, and no provision is required. For example, management cannot recognize a provision based solely on intent or legislative requirement to incur obligation at some future date.

When some or the entire amount required to settle a provision is reimbursed by another party, management recognizes the reimbursement as a separate asset only when it is virtually certain that it will receive the reimbursement on settlement of the obligation. The reimbursement receivable is presented on the statement of financial position as an asset and is not offset against the provision. The amount of any expected reimbursement is disclosed. Net presentation is permitted in the statement of comprehensive income.

Management reviews provisions at each reporting period and adjusts them to reflect the current best estimate of the amount that would be required to settle the obligation at that reporting period.

Contingent liabilities

A contingent liability is either a possible but uncertain obligation, or a present obligation that is not recognized as a liability because either it is not probable an outflow will occur, or the amount cannot be measured reliably. Management does not recognize (but discloses) contingent liability as a liability unless it has been acquired in a business combination.

Contingent assets

Contingent assets are not recognized. When the realization of benefits is virtually certain, the related asset is not a contingent asset but meets the definition of asset and is recognized as such.

The Company has no contingencies as of **December 31, 2018** and 2017.

Equity

Equity is the residual interest in the Company's assets after deducting all its liabilities. Equity includes paid up share capital by shareholders of the Company, plus additions to those investments earned through profitable operations and retained for use in the Company's operations, minus reductions to owners' investments as a result of unprofitable operations and distributions to shareholders.

Share capital - represents paid up capital contributions of the stockholders.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis

Retained earnings (Deficit) – include all current and prior period results as disclosed in the statement of profit or loss. Appropriated retained earnings are those earnings earmarked and separated by the Company for specific use as approved by the Board of Directors.

Events after the end of the reporting period

Events after the end of the reporting period may qualify as adjusting events or non-adjusting events. Adjusting events provide further evidence of conditions that existed at the end of the reporting period and lead to adjustments to the financial statements.

Non-adjusting events relate to conditions that arose after the end of the reporting period and do not lead to adjustments, only to disclosures in the financial statements.

Management discloses the date on which the financial statement were authorized for issue and who gave that authorization. If the owners or other persons have the power to amend the financial statements after issue, this fact is also disclosed.

The event after the end of the reporting period for disclosure is the date of authorization for issue of the financial statements as authorized by the Board of Directors (see *Note 14*).

2.4.2 Statement of profit or loss captions

The following are description of specific statement of profit or loss captions. Refer to the related Notes to Financial Statements for additional information.

Revenue recognition

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

The following specific recognition criteria must also be met before revenue is recognized:

Sale of service. Revenue is recognized when the related services have been rendered or when it is probable that future economic benefits will flow to the Company and these benefits can be measured reliably.

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for services rendered, excluding value-added tax and trade discounts.

Cost of services and expenses recognition

Cost of services and expenses are recognized in the statement of profit or loss upon utilization of the service or at the date they are incurred (see *Notes 10 and 11*).

Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by its employees. These benefits include salary-related benefits (such as wages, salaries, profit-sharing, bonuses, long-service leave and share-based payments), termination benefits (such as severance or redundancy pay) and post-employment benefits (such as retirement benefit plans).

(a) *Short-term benefits*

Short-term employee benefits include items such as wages, salaries and social security contributions; 13th month pay; bonuses, allowances and other short-term benefits received by the employees during the current period. Short term benefits are recognized at the undiscounted amounts of benefits expected to be paid in exchange of services. Short-term benefits are shown as part of 'general and administrative expenses' in the statements of profit or loss amounting to **₱5,489,403** and **₱5,807,611** for the years ended **December 31, 2018** and **2017**, respectively (see *Notes 10 and 11*).

(b) *Retirement or post-employment benefits*

Republic Act (RA) No. 7641 (New Retirement Law) took effect on January 7, 1993. Under the said law, the Company is required to provide minimum retirement benefits to qualified retiring employees.

The Company did not accrue any pension benefit expense or pension benefit obligation. No retirement benefit was accrued as of **December 31, 2018** and **2017** as there is no qualified employee in accordance with R.A. 7641.

Impairment of assets

An assessment is made at each reporting period to determine whether there is objective evidence that a specific financial or non-financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the statement of profit or loss. Discussion on the following asset impairment and how management exercises its judgement are found in *Note 3*.

- *impairment of financial assets measured at cost or amortized cost;*
- *impairment of non-financial assets other than inventories; and*
- *impairment of inventories.*

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in the profit or loss.

Current and deferred income taxes

The tax expense for the period comprises of current and deferred tax. Tax is recognized in profit or loss, except that a change attributable to an item of income or expense recognized as other comprehensive income is also recognized directly in other comprehensive income.

Current income tax is the expected amount payable on the taxable income for the period and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognized for all temporary difference that are expected to reduce taxable profit in the future. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely that not to be recovered.

Deferred tax assets are also recognized for any unused net operating loss carryover (NOLCO) and tax credits from excess minimum corporate income tax (MCIT).

The net carrying amount of deferred tax assets is reviewed at each reporting period and is adjusted to reflect the current assessment of future taxable profits. Any adjustment is recognized in profits or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (loss) of the periods in which it expects the deferred tax asset to be realized or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantially enacted by the end of the reporting period. A valuation allowance is provided, on the basis of past years and future expectations, when it is not probable that taxable profits will be available against which the future income tax deductions can be utilized.

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

Related balances on income tax items are shown in *Note 8*.

Note 3. Critical and Significant Accounting Judgments and Estimates

The Company makes estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal the related actual results. The estimates, judgment and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical judgments in applying accounting policies

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimation, which have the most significant effect on the financial statements.

- *Functional currency.* Based on economic substance of the underlying circumstances relevant to the Company, the functional currency has been determined to be the Philippine peso. It is the currency that mainly influences the normal operations of the Company.
- *Revenue and expense recognition.* The Company's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and expenses. In making judgement, the Company considered the detailed criteria for the recognition of revenue set out in Section 23 of PFRS for SMEs.
- *Recognition of deferred income taxes.* Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management of judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable profits together with future tax planning strategies.
Estimates of future taxable income indicate that temporary differences will be realized in the future. As discussed in *Note 8*, deferred tax assets as of **December 31, 2018** amounted to **₱3,287,227** [2017: ₱1,710,919].
- *Provisions and contingencies.* Judgment is exercised by management to distinguish between provisions and disclosures of contingencies.

Management's use of estimates

The key assumptions concerning the future and other sources of estimating uncertainty at the reporting period that are significant to the carrying value of the assets and liabilities are as follows:

- *Revenue, cost and expense recognition.* The Company's revenue, cost and expense recognition requires the use of estimates and assumptions that may affect the recorded amounts of revenue, cost of sales, and expenses. The Company's revenues, costs and expenses recognition policies are discussed in *Note 2*.
 - *Estimating useful lives of property and equipment.* The useful life of property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of the industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of the asset. It is possible, however, that future financial performance could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the useful life of any investment property and property and equipment would increase the recorded general and administrative expenses and decrease non-current assets.
- The carrying value of property and equipment amounts to **₱11,722,494** as of **December 31, 2018** [2017: ₱13,549,395] (see *Note 6*).
- *Evaluation of asset impairment.* The Company reviews property and equipment for impairment in value. Impairment is assessed regularly. This includes considering certain indicators of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.
- The Company recognizes an impairment loss when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher between the asset's net selling price or value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while the value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.
- *Realizable amount of deferred tax assets.* The Company reviews its deferred tax asset at each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.
- The carrying values of deferred tax assets as of **December 31, 2018** amounted to **₱3,287,227** [2017: ₱1,710,919] (see *Note 8*).
- *Pension benefits.* The Company has not accrued any estimated pension benefit obligation. Based on its current employee profile, none is qualified yet to any retirement benefit as provided under R.A. 7641; hence, no accrual was made in **2018** and **2017**.
- The Company believes that non-accrual on retirement benefit has no impact to the financial statements to the Company. Hence, its non-recognition is immaterial to the Company.
- *Income taxes.* The Company is subject to income taxes. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.
- Further, management makes estimate in setting up any valuation allowance on its deferred tax assets. Items on income taxes are shown in *Note 8*.

Note 4– Cash / Financial instruments

This account consists only of cash in bank. Cash in banks include current and savings accounts. Savings accounts generally earn interest at the prevailing bank deposit rates.

The following are the financial assets and liabilities of the Company as of **December 31, 2018** and 2017:

Financial assets	2018	2017
Cash in bank	P 5,751,277	P 7,022,969
Financial liabilities		
Trade and other liabilities	P 2,903,908	P 2,206,897

Note 5– Trade and Other Receivables

This account consists of:

	2018	2017
Accounts receivable - trade	P 3,210,110	P 3,228,634
Accounts receivable - nontrade	22,825	22,825
Advances to officers and employees	565,572	1,166,778
	P 3,798,507	P 4,418,237

Note 6– Property and Equipment, net

This account consists of the following:

	2018	2017
Studio/Recording equipment	P 14,992,695	P 14,992,695
Furniture and fixtures	267,202	267,202
Office equipment	2,157,734	2,157,734
Transportation equipment	854,107	854,107
Total	18,271,738	18,271,738
Less: Accumulated depreciation	6,549,244	4,722,343
Net carrying value	P 11,722,494	P 13,549,395

The movements and composition of property and equipment are shown in Note 6.1.

Depreciation is charged to 'operating expenses' amounting to **P1,826,901** for the year ended **December 31, 2018** [2017: P1,826,901] (see Note 11). The same amount of depreciation is presented as part of "operating activities" in the statements of cash flows.

Note 6.1 Property and equipment. The details of property and equipment and the movements in the accounts as of and for the years ended December 31, 2018 and 2017 are as follows:

YEAR 2018		YEAR 2017	
Cost	At January 1	At January 1	Cost
P	14,992,695	267,202	P
Additions	-	-	
Disposals	-	-	
At December 31	14,992,695	267,202	At December 31
Accumulated Depreciation and Impairment:			
At January 1	3,923,959	157,133	At January 1
Depreciation	1,498,997	26,720	Depreciation
Impairment loss	-	-	Impairment loss
At December 31	5,422,956	183,853	At December 31
Net carrying value, 12/31/2018			
P	9,569,739	83,349	P
YEAR 2017			
Cost	At January 1	At January 1	Cost
P	14,986,146	267,202	P
Additions	6,549	-	
Disposals	-	-	
At December 31	14,992,695	267,202	At December 31
Accumulated Depreciation and Impairment:			
At January 1	2,424,962	130,413	At January 1
Depreciation	1,498,997	26,720	Depreciation
Impairment loss	-	-	Impairment loss
At December 31	3,923,959	157,133	At December 31
Net carrying value, 12/31/2017			
P	11,068,736	110,069	P

Note 7 – Trade and Other Liabilities

This account consists of:

	2018	2017
Accounts payable	P 1,549,844	P 1,369,844
Deferred Output VAT	1,170,787	526,651
SSS / PHIC / HDMF contribution payable	134,744	283,014
SSS / PHIC / HDMF loans payable	18,397	18,397
Withholding tax payable	30,136	8,991
	P 2,903,908	P 2,206,897

Note 8 – Income Tax / Disclosures required Under RR 19-2011

8.1 Current income tax and current tax liability

The Component of current tax expense and the reconciliation of pre-tax income computed at the applicable statutory rates to tax expense as reported in the statement of profit or loss and other comprehensive income are shown as follows:

	2018	2017
Revenues	P 5,367,803	P 4,794,731
Cost of services	(708,015)	(796,729)
General and administrative expenses	(9,615,894)	(9,446,683)
Interest income	12,400	12,150
Total taxable income	(4,943,706)	(5,436,531)
RCIT rate	30%	30%
Income tax benefit	P (1,483,112)	P (1,630,959)

Computation for MCIT

	2018	2017
Gross profit	P 4,659,788	P 3,998,002
MCIT rate	2%	2%
Minimum Corporate Income Tax	P 93,196	P 79,960

	2018	2017
Income tax payable (RCIT or MCIT whichever is higher)	P 93,196	P 79,960
Tax credits / payments	(36,368)	-
Prior year excess tax credits	-	(116,328)
Tax payments for the first three quarters	(56,233)	-
Tax credits for the first three quarters	(51,238)	-
Tax credits for the fourth quarter	-	-
Excess tax credits	P (50,643)	P (36,368)

The income tax expense or benefit is computed at statutory income tax rate based on normal corporate income tax.

Minimum corporate income tax (MCIT) of 2% based on gross income, as defined under the Tax Code, is required to be paid at the end of the year starting on the fourth year from the date of registration with the Bureau of Internal Revenue (BIR) whenever the RCIT is lower than the MCIT.

Effective July 2008, Republic Act 9504 was approved giving corporate taxpayers an option to claim itemized deduction or optional standard deduction (OSD) equivalent to 40% of gross profit. Once the option to use OSD is made, it shall be irrevocable for the taxable year for which the option was made.

In 2018 and 2017, the Company opted to continue claiming itemized deductions.

8.2 Deferred tax asset

The composition and movement of deferred tax asset is shown below:

	2018	2017
Balance, January 1	P 1,710,919	P -
Additions (Applications)		
NOLCO	1,483,112	1,630,959
Deferred MCIT charges	93,196	79,960
Expired		-
Balance, December 31	P 3,287,227	P 1,710,919

Taxes and licenses amounting to **P12,067** for the year ended **December 31, 2018** [2017: P47,412] are shown in *Note 11*.

Note 9— Stockholders' Equity

	No. of Shares		Amount	
	2018	2017	2018	2017
Ordinary shares- P100 par value				
Authorized 350,000 shares				
Authorized:				
Balance at beginning of year	350,000	87,500	P 35,000,000	P 8,750,000
Issued during the year	-	262,500	-	26,250,000
Balance at end of year	350,000	350,000	35,000,000	35,000,000
Subscribed:				
Balance at beginning of year	350,000	87,500	35,000,000	8,750,000
Issued during the year	-	262,500	-	26,250,000
Balance at end of year	350,000	350,000	35,000,000	35,000,000
Subscription receivable:				
Balance at beginning of year			-	-
Issued during the year			-	26,250,000
Collection during the year			-	26,250,000
Balance at end of year			-	-
Paid-up share capital			P 35,000,000	P 35,000,000

As of **December 31, 2018**, the Company has two (2) stockholders owning 100 or more shares each of the Company's capital stock.

Note 10— Cost of Services

Cost of services is computed as follows:

	2018	2017
Salaries and other employee benefits	P 492,015	P 580,729
Operating supplies	216,000	216,000
Cost of services	P 708,015	P 796,729

Note 11– General and Administrative Expenses

This account is composed of:

	2018	2017
Salaries, wages and employee benefits	P 4,367,391	P 5,154,866
Depreciation (see Note 6)	1,826,901	1,826,901
Professional / Directors fee	710,000	495,000
SSS / PHIC/ HDMF - ER Share	629,997	72,016
Communication, light and water	386,913	357,444
Rental	339,502	-
Office supplies	301,647	382,698
Representation	269,150	319,567
Repairs and maintenance	167,024	19,347
Transportation and travel	154,873	101,191
Commission	143,121	297,185
Dues and subscription	72,331	106,924
Fuel and oil	64,266	70,177
Taxes and licenses	12,067	47,412
Insurance	-	19,902
Miscellaneous	170,711	176,053
	P 9,615,894	P 9,446,683

Note 12– Commitments and Contingencies

The Company has no existing pending legal cases where it is the defendant which would require disclosure that is normally required by PAS 37, 'Provisions, Contingent Liabilities and Contingent Assets'.

Note 13– Related Party Transactions

The Company's related party transactions are summarized below:

(a) Transactions of the Company with retirement fund

As stated in Note 2, the Company has no retirement fund/ plan asset yet as of **December 31, 2018** and 2017; hence, there are no transactions to be reported in this section. The Company believes that non-setting up of the fund has no material impact to the Company's operation.

(b) Related party advances

The Company availed non-interest bearing advances from its stockholders and officers for additional working capital. Balance as of **December 31, 2018** amounts to **P24,770,866** [2017: P24,133,410]. The movement of advances is shown below:

	2018	2017
Beginning balance	P 24,133,410	P 48,042,517
Advances obtained	637,456	-
Advances paid	-	(23,909,107)
Ending balance	P 24,770,866	P 24,133,410

Except for the foregoing, there are no other transactions with the related parties during the periods.

Note 14– Events After the Reporting Period

The financial statements were approved and authorized for issue by the Board of Directors on April 8, 2019.

Aside from the above-mentioned, there are no significant events after reporting period that need adjustment or disclosure.

Note 15– Supplementary Information Required by the BIR

The Bureau of Internal Revenue (BIR) issued on November 25, 2010 Revenue Regulations (RR) 15-2010, Amending Certain Provisions of Revenue Regulations No. 21-2002, as Amended, Implementing Section 6 (H) of the Tax Code of 1997, Authorizing the Commissioner of Internal Revenue to Prescribe Additional Procedural and/or Documentary Requirements in Connection with the Preparation and Submission of Financial Statements Accompanying Income Tax Returns. Under the said RR, companies are required to provide, in addition to the disclosures mandated under PFRS, and such other standards and/ or conventions as may be adopted, in the notes to the financial statements, information on taxes, duties and license fees paid or accrued during the taxable year.

However, the Company opted to present such information in a separate schedule to be attached to the financial statements for filing with the BIR. The supplementary information is not a required part of the basic financial statements under PFRSs for SMEs.

Additional disclosure in the notes to the financial statements is also required under Revenue Regulations (RR) 19-2011 of the following schedules (a) sales/receipts/fees; (b) costs of sales/services; (c) non-operating and taxable; (d) itemized deductions (if the taxpayer did not avail of OSD); (e) taxes and licenses; and (f) other information prescribed to be disclosed in the notes to the financial statements. Items a to d are presented in *Notes 9 and 10* while schedule of taxes and licenses are presented in a separate schedule attached to the financial statements.

COMPANY PROFILE OF PCMC

The Philippine CollectiveMedia Corporation (PCMC) was formed and organized in 2008, with the primary purpose of establishing and engaging in the business of radio and television broadcasting. One year after, it was granted a legislative franchise by virtue of Republic Act No. 9773 otherwise known as an Act Granting the Philippine Collective Media Corporation a Franchise to Construct, Install, Establish, Operate and Maintain Radio and Television Broadcasting Stations in Region VIII (Eastern Visayas).

In recognition of its responsibility to serve the Filipino people with sound and balanced programming, relevant information and entertainment, a channel for community development, and uphold our constitutional right to free press, the following stations were constructed in Tacloban City:

DYBR - AM radio station using the frequency of 711 KHz;

DYDR - FM radio station using the frequency of 100.7 MHz; and

PRTV television station using Channel 12.

PCMC continued its successful operation until Super Typhoon Haiyan (Yolanda) made landfall in Tacloban City resulting in the complete loss and destruction of the facilities and equipment of the three (3) stations owned and operated by PCMC.

Despite the many challenges it faced in that difficult time, the commitment to serve the people drove PCMC to immediately bounce back and initiate broadcast to provide the much-needed information to the public. DYDR (FM) station was the first to revive on air and became the sole source of information in the whole Eastern Visayas after the onslaught of the super typhoon. It was in 2015 that PCMC relaunched the KAUGOP Radio Station through the collective effort of its stockholders, directors, officers and employees.

PCMC was subsequently granted by the National Telecommunication Commission to operate the following radio and relay stations:

DYPD - FM Radio station using the frequency 100.7 MHz in Ormoc City;

DYPC - FM Relay station using the frequency of 88.5 MHz in Calbayog City, Samar;

DYPF - FM Relay station using the frequency of 106.9 MHz in Catbalogan City, Samar; and

DYPA - FM Relay station using the frequency of 101.7 MHz in Borongan City, Eastern Samar

The milestones accomplished by PCMC have been rewarded last year 2020 with the passage of Republic Act 11508 also known as “An Act Amending the Franchise Granted to Philippine Collective Media Corporation under Republic Act No. 9773.” This introduced major reforms in its franchise allowing for the expansion of its coverage from a regional to a national broadcasting corporation and the inclusion of digital television and other forms of transmissions in its operation. The first digital transmission test broadcast was successfully conducted last November 10, 2020.

On March 11, 2021, PCMC renamed and rebranded Kaugop Radio (DYDR) to Favorite Music Radio (FMR), which became PCMC’s pioneering station in Tacloban with institutionalized programming tailored fit to the needs of the viewers and listeners in the region as a result of intensive market research and analysis. With the expansion of PCMC’s franchise, as of July 2021 PCMC was able to set-up FMR stations in the following areas:

1. Tacloban
2. Calbayog
3. Catbalogan
4. Catarman
5. Ormoc
6. Borongan
7. Davao De Oro
8. Iligan City
9. Butuan
10. Camiguin
11. Davao Del Norte
12. Zamboanga Sibugay
13. Dipolog
14. Baguio (Launching July)
15. CamSur (Launching July)
16. YK FM Montevista, Davao De Oro (Launching July)

PCMC likewise established 2 recording studios in Makati and Fairview.

PCMC expects to air in the following areas all over the country by the end of 2021:

1.	Cebu	13.	Aurora
2.	Pampanga	14.	Ilo-Ilo
3.	Occidental Mindoro	15.	Davao City

4.	Romblon	16.	Bohol
5.	Puerto Princesa City	17.	Maasim, Southern Leyte
6.	Tumauini, Isabela	18.	Siargao
7.	Nueva Vizcaya	19.	Cagayan De Oro City
8.	Nabua, Camarines Sur	21.	Davao Oriental
9.	Catanduanes	22.	Zamboanga Sibugay
10.	Sorsogon	23.	Zamboanga City
11.	Cagayan Province	24.	Dipolog City
12.	Bacolod	25.	General Santos City

PROGRAMMING

FAVORITE MUSIC RADIO

The programming of the PCMC stations was completely overhauled after its rebranding of its pioneer station from KAUGOP Radio to FMR. The new programs were designed to provide listeners with relevant and up to date news and current events and entertainment and lifestyle programs in order to increase the listenership of the stations across all demographics.

News and Current Affairs/Commentary Programs

FMR ARANGKADA

Is the flagship program of FMR Tacloban that offers timely and relevant news stories of the day. The news is cast thrice a day to ensure that new stories and necessary updates are delivered expeditiously to the communities it serves.

PUNTO DE VISTA

Is a general commentary program designed to tackle the latest issues and problems affecting Tacloban City. Staying true to PCMC's core values, this program seeks to highlight and uplift the discourse of local issues by raising awareness and encouraging the people's participation in issues that affect them directly.

Public Service Programs

1. ALERTO OTSO

Alerto Otso is designated to showcase peace and order and disaster preparedness efforts of the city/province/region. After the hard-learned lessons from the super typhoon Yolanda, PCMC believes that ensuring the people's awareness of the peace and order and disaster efforts of the local government directly affects the entire community's level of preparedness for any such future calamities.

LEYTE FIRST

Leyte First is a public service program devoted to update the constituents of the Congressional initiatives in the First District. This will also be a platform to channel necessary policies, advisories, and directives from the national government concerning the district for faster information dissemination, thus encouraging the people's cooperation and participation in nation building.

KAPE'T BARANGAY

This program focuses on best practices of the barangays in the city which are commendable and worthy of emulation. This will give barangays an opportunity to highlight their efforts in barangay governance including the Sangguniang Kabataan, thus reaffirming and encouraging good governance in the local level.

TINGOG NA!

A program that seeks to bring forth pagbag-o (change), paglaum (hope), and pag-uswag (progress) in Eastern Visayas (or Region VIII) through open discourse regarding legislations and policies, raising awareness on government services available to the people, and tackling urgent issues that involve regional development.

Lifestyle/Health/Legal Programs

MORNING HIRIT

A daily morning info-entertainment program that kickstarts the day for the listeners. Morning hirit airs to set an energetic mood and positive outlook for listeners as they start their day.

OK DOC!

OK DOC! is a radio based Health Talk Show program that discusses health awareness, disease prevention, and other medical concerns, while providing free on-air consultations for the viewers. It serves as a useful and effective medium for listeners to learn more about relevant health and medical concerns from experts.

PAYONG LEGAL

This is a free legal assistance program on-air that talks about legal matters and provides people access to justice through the guidance and advice of legal experts. This program seeks to empower the less privileged who otherwise could not afford appropriate guidance on legal issues.

LA CHIKA BONITA

The show concentrates on light topics such as lifestyle and entertainment stories to which housewives, husbands, and children can connect to. The program's subjects can vary, ranging from interviews, daily life experiences and other interesting interactions between the viewers and the special guests.

Entertainment Programs

1. WANTED PANGGA

Is a radio based dating match program that seeks to entertain single callers and listeners. The program is hosted by the most talked DJ in the City, Mama Mavette, who will serve as the cupid for lonely souls seeking to be entertained and, if fortunate enough, find their love match.

RADIOKEY

The first and only amateur singing contest on air every Sunday that showcase the vocal prowess of every contestant of all ages. This program seeks to encourage people to hone their hidden talent in the art and give opportunity for their voices to be heard and recognized.

TINGOG LOKAL

A radio concert program that highlights the local bands and artists of the region. The program also intends to give opportunity to the young artists in the city who dream to be a star in their field to be discovered and celebrated.

Partnership with the Department of Education

When the COVID-19 Pandemic made face-to-face classes impossible without putting students at risk of transmission, the Department of Education (DepEd) adopted several distance learning modalities which included a radio program. It seeks to answer the continuing demands of the new normal education brought about by the restrictions of the pandemic. By allowing students to learn through listening on air at the comfort of their homes, we effectively ensure the continuity of their education while keeping them safe from possible exposures. Staying true to its advocacies, PCMC has allocated a four (4) hour daily time slot for DepEd’s Radio Eskwela programs in all its stations including affiliate stations nationwide for free, in the spirit of solidarity towards community and national development.

PRTV 12

PRTV 12 has gained popularity in Eastern Visayas as the regional TV station with the widest coverage. While Kaugop Radio has already been rebranded to FMR, PRTV continues to air the program of the latter as teleradyo programs. The TV station is currently ramping up its infrastructure in preparation for its shift to the digital platform from its current analog transmission. Construction of its new state of the art studio in the DVOREF Building, RTR Hospital Compound is now on its final phase and is expected to boost the station’s capacity to produce world class news and entertainment programs.

PROSPECTIVE PLANS

PCMC intends to enter into a business arrangement or partnership to collaborate with companies that have media content and facilities but cannot broadcast the same due to lack of franchise, which will enable it to broadcast nationwide.

MANAGEMENT

Shareholders

Shareholder	Number of Shares	Amount Subscribed and Paid Up (PhP)	Percentage of Ownership
Michelle Ayangco	174,997	17,499,700	49.99%
Hermogene H. Real	174,996	17,499,600	49.99%
Sofonias Gabonada Jr.	1	100	0
Ma. Fe Siscar	1	100	0
Glenn Jaro Capucion	1	100	0
Rachel Rodeles-Santiago	1	100	0
Bautista Corpín	1	100	0
Cheryl Chu	1	100	0
Minda de Paz	1	100	0

Directors

Sofonias Gabonada Jr.- Chairman
Ma. Fe Siscar
Glenn Jaro Capucion
Rachel Rodeles-Santiago
Bautista Corpin

Officers

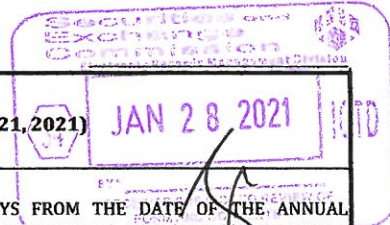
President: Sofonias Gabonada Jr.
Vice President: Fe Siscar
Treasurer: Atty. Cheryl Chu
Corporate Secretary: Jane Sioson
Asst. Corp. Sec: Mary Norean Gabriela

Management Committee

Executive Director:	Sofonias Gabonada Jr.
Director for Administration, Legal and Operations:	Atty. Mark Stephen Reyes
Director for Finance:	Engr. Erda Gabriela
Director for Technical:	Billy Dulatre
Director for Creatives:	Louievic Loquiño
Director for Programming:	Jeremy Madronal

Ms. Michelle F. Ayangco is 48 years old. She graduated from Rizal Technological University with a degree in BS Accountancy. She is the current President and Chairman of Sequioa Business Management Corporation and Nieva Realty and Development Corporation. She is also a Director and Corporate Secretary of Trans Middle East Philippine Equities Inc. She operates her own business as a proprietor of BZPEP Launderette Shop.

Atty. Hermogene H.Real is 65 years old. She graduated from the University of the Philippines with a degree in Bachelor of Laws. She was admitted to the Philippine Bar in 1998. She is the President of Mairete Asset Holdings Inc. and Southern Estates Integrated Park Inc. She serves as Director to Bright Kindle Resources and Investments Inc., Brightgreen Resources Corp., Southern Alluvial Minerals and Alumina Resources Inc., Benguetcorp. Laboratories Inc. She holds the position of Corporate Secretary in Benguet Corporation, and Benguetcorp. Nickel Mines Inc. She is likewise the Assistant Corporate Secretary of Doña Remedios Trinidad Romualdez Medical Foundation Inc. She is a practicing lawyer and an associate of D.S. Tantuico and Associates.



GENERAL INFORMATION SHEET (GIS)

FOR THE YEAR 2020 (AMENDED on January 21, 2021)

STOCK CORPORATION

GENERAL INSTRUCTIONS:

1. FOR USER CORPORATION: THIS GIS SHOULD BE SUBMITTED WITHIN THIRTY (30) CALENDAR DAYS FROM THE DATE OF THE ANNUAL STOCKHOLDERS' MEETING. DO NOT LEAVE ANY ITEM BLANK. WRITE "N.A." IF THE INFORMATION REQUIRED IS NOT APPLICABLE TO THE CORPORATION OR "NONE" IF THE INFORMATION IS NON-EXISTENT. IF THE ANNUAL STOCKHOLDERS' MEETING IS HELD ON A DATE OTHER THAN THAT STATED IN THE BY-LAWS, THE GIS SHALL BE SUBMITTED WITHIN THIRTY (30) CALENDAR DAYS AFTER THE ELECTION OF THE DIRECTORS, TRUSTEES AND OFFICERS OF THE CORPORATION AT THE ANNUAL MEMBERS' MEETING.
2. IF NO MEETING IS HELD, THE CORPORATION SHALL SUBMIT THE GIS NOT LATER THAN JANUARY 30 OF THE FOLLOWING YEAR. HOWEVER, SHOULD AN ANNUAL STOCKHOLDERS' MEETING BE HELD THEREAFTER, A NEW GIS SHALL BE SUBMITTED/FILED.
3. THIS GIS SHALL BE ACCOMPLISHED IN ENGLISH AND CERTIFIED AND SWORN TO BY THE CORPORATE SECRETARY OF THE CORPORATION.
4. THE SEC SHOULD BE TIMELY APPRISED OF RELEVANT CHANGES IN THE SUBMITTED INFORMATION AS THEY ARISE. FOR CHANGES RESULTING FROM ACTIONS THAT AROSE BETWEEN THE ANNUAL MEETINGS, THE CORPORATION SHALL SUBMIT AMENDED GIS CONTAINING THE NEW INFORMATION TOGETHER WITH A COVER LETTER SIGNED THE CORPORATE SECRETARY OF THE CORPORATION. THE AMENDED GIS AND COVER LETTER SHALL BE SUBMITTED WITHIN SEVEN (7) DAYS AFTER SUCH CHANGE OCCURED OR BECAME EFFECTIVE.
5. SUBMIT FOUR (4) COPIES OF THE GIS TO THE RECEIVING SECTION AT THE SEC MAIN OFFICE, OR TO SEC SATELLITE OFFICES OR EXTENSION OFFICES. ALL COPIES SHALL UNIFORMLY BE ON A4 OR LETTER-SIZED PAPER. THE PAGES OF ALL COPIES SHALL USE ONLY ONE SIDE
6. ONLY THE GIS ACCOMPLISHED IN ACCORDANCE WITH THESE INSTRUCTIONS SHALL BE CONSIDERED AS HAVING BEEN FILED.
7. THIS GIS MAY BE USED AS EVIDENCE AGAINST THE CORPORATION AND ITS RESPONSIBLE DIRECTORS/OFFICERS FOR ANY VIOLATION OF EXISTING LAWS, RULES AND REGULATIONS

===== PLEASE PRINT LEGIBLY =====

CORPORATE NAME: <p align="center">PHILIPPINE COLLECTIVEMEDIA CORPORATION</p>	DATE REGISTERED: <p align="center">5/21/2008</p>
BUSINESS/TRADE NAME: <p align="center">PHILIPPINE COLLECTIVEMEDIA CORPORATION</p>	FISCAL YEAR END: <p align="center">December 31</p>
SEC REGISTRATION NUMBER: <p align="center">CS200807578</p>	CORPORATE TAX IDENTIFICATION NUMBER (TIN): <p align="center">007-037-006</p>
DATE OF ANNUAL MEETING PER BY-LAWS: <p align="center">December 08</p>	WEBSITE/URL ADDRESS: <p align="center"> </p>
ACTUAL DATE OF ANNUAL MEETING: <p align="center">8-Dec-20</p>	E-MAIL ADDRESS: <p align="center"> </p>
COMPLETE PRINCIPAL OFFICE ADDRESS: <p align="center">3/F Universal Re Building, 106 Paseo de Roxas, Makati City</p>	FAX NUMBER: <p align="center">8817-4183</p>
COMPLETE BUSINESS ADDRESS: <p align="center">3/F Universal Re Building, 106 Paseo de Roxas, Makati City</p>	TELEPHONE NUMBER(S): <p align="center">8817-6046</p>
NAME OF EXTERNAL AUDITOR & ITS SIGNING PARTNER: <p align="center">EVALINDA J. IDELFONSO- GARCIA</p>	SEC ACCREDITATION NUMBER (if applicable): <p align="center">BOA Reg. No. 1143 valid until 10/23/2021</p>
INDUSTRY CLASSIFICATION: <p align="center">Radio and Television Broadcasting</p>	GEOGRAPHICAL CODE: <p align="center"> </p>

===== INTERCOMPANY AFFILIATIONS =====

PARENT COMPANY	SEC REGISTRATION NO.	ADDRESS
SUBSIDIARY/AFFILIATE	SEC REGISTRATION NO.	ADDRESS

NOTE: USE ADDITIONAL SHEET IF NECESSARY

GENERAL INFORMATION SHEET

STOCK CORPORATION

===== PLEASE PRINT LEGIBLY =====

Corporate Name: PHILIPPINE COLLECTIVEMEDIA CORPORATION

A. Is the Corporation a covered person under the Anti Money Laundering Act (AMLA), as amended? (Rep. Acts. 9160/9164/10167/10365) Yes No

Please check the appropriate box:

1.

- a. Banks
- b. Offshore Banking Units
- c. Quasi-Banks
- d. Trust Entities
- e. Non-Stock Savings and Loan Associations
- f. Pawnshops
- g. Foreign Exchange Dealers
- h. Money Changers
- i. Remittance Agents
- j. Electronic Money Issuers
- k. Financial Institutions which Under Special Laws are subject to Bangko Sentral ng Pilipinas' (BSP) supervision and/or regulation, including their subsidiaries and affiliates.

4. Jewelry dealers in precious metals, who, as a business, trade in precious metals

5. Jewelry dealers in precious stones, who, as a business, trade in precious stone

6. Company service providers which, as a business, provide any of the following services to third parties:

- a. acting as a formation agent of juridical persons
- b. acting as (or arranging for another person to act as) a director or corporate secretary of a company, a partner of a partnership, or a similar position in relation to other juridical persons
- c. providing a registered office, business address or accommodation, correspondence or administrative address for a company, a partnership or any other legal person or arrangement
- d. acting as (or arranging for another person to act as) a nominee shareholder for another person

7. Persons who provide any of the following services:

- a. managing of client money, securities or other assets
- b. management of bank, savings or securities accounts
- c. organization of contributions for the creation, operation or management of companies
- d. creation, operation or management of juridical persons or arrangements, and buying and selling business entities

8. None of the above

Describe nature of business:

Radio and Television Broadcasting

2.

- a. Insurance Companies
- b. Insurance Agents
- c. Insurance Brokers
- d. Professional Reinsurers
- e. Reinsurance Brokers
- f. Holding Companies
- g. Holding Company Systems
- h. Pre-need Companies
- i. Mutual Benefit Association
- j. All Other Persons and entities supervised and/or regulated by the Insurance Commission (IC)

3.

- a. Securities Dealers
- b. Securities Brokers
- c. Securities Salesman
- d. Investment Houses
- e. Investment Agents and Consultants
- f. Trading Advisors
- g. Other entities managing Securities or rendering similar services
- h. Mutual Funds or Open-end Investment Companies
- i. Close-end Investment Companies
- j. Common Trust Funds or Issuers and other similar entities
- k. Transfer Companies and other similar entities
- l. Other entities administering or otherwise dealing in currency, commodities or financial derivatives based there on
- m. Entities administering of otherwise dealing in valuable objects
- n. Entities administering or otherwise dealing in cash Substitutes and other similar monetary instruments or property supervised and/or regulated by the Securities and Exchange Commission (SEC)

B. Has the Corporation complied with the requirements on Customer Due Diligence (CDD) or Know Your Customer (KYC), record-keeping, and submission of reports under the AMLA, as amended, since the last filing of its GIS?

Yes No

GENERAL INFORMATION SHEET
STOCK CORPORATION

===== PLEASE PRINT LEGIBLY =====

CORPORATE NAME: PHILIPPINE COLLECTIVEMEDIA CORPORATION							
CAPITAL STRUCTURE							
AUTHORIZED CAPITAL STOCK							
	TYPE OF SHARES *	NUMBER OF SHARES	PAR/STATED VALUE	AMOUNT (PhP) (No. of shares X Par/Stated Value)			
	Common	350,000	100.00	35,000,000.00			
TOTAL		350,000	TOTAL P	35,000,000.00			
SUBSCRIBED CAPITAL							
FILIPINO	NO. OF STOCK-HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	NUMBER OF SHARES IN THE HANDS OF THE PUBLIC **	PAR/STATED VALUE	AMOUNT (PhP)	% OF OWNERSHIP
	9	Common	350,000		100.00	35,000,000.00	100.00
TOTAL		350,000	TOTAL	TOTAL P	35,000,000.00	100.00	
FOREIGN (INDICATE BY NATIONALITY)	NO. OF STOCK-HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	NUMBER OF SHARES IN THE HANDS OF THE PUBLIC **	PAR/STATED VALUE	AMOUNT (PhP)	% OF OWNERSHIP
Percentage of Foreign Equity :			TOTAL	TOTAL	TOTAL P	0.00	0
TOTAL SUBSCRIBED P						35,000,000.00	100.00
PAID-UP CAPITAL							
FILIPINO	NO. OF STOCK-HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	PAR/STATED VALUE	AMOUNT (PhP)	% OF OWNERSHIP	
	9	Common	350,000	100.00	35,000,000.00	100.00	
TOTAL		350,000	TOTAL P	35,000,000.00	100.00		
FOREIGN (INDICATE BY NATIONALITY)	NO. OF STOCK-HOLDERS	TYPE OF SHARES *	NUMBER OF SHARES	PAR/STATED VALUE	AMOUNT (PhP)	% OF OWNERSHIP	
TOTAL				TOTAL P	0.00		
TOTAL PAID-UP P					35,000,000.00	100.00	
NOTE: USE ADDITIONAL SHEET IF NECESSARY							
* Common, Preferred or other classification							
** Other than Directors, Officers, Shareholders owning 10% of outstanding shares.							

GENERAL INFORMATION SHEET

STOCK CORPORATION

===== PLEASE PRINT LEGIBLY =====

CORPORATE NAME: **PHILIPPINE COLLECTIVEMEDIA CORPORATION**

DIRECTORS / OFFICERS

NAME/CURRENT RESIDENTIAL ADDRESS	NATIONALITY	INCR	BOARD	GENDER	STOCK HOLDER	OFFICER	EXEC. COMM.	TAX IDENTIFICATION NUMBER
1. SOFONIAS PONCE GABONADA JR.	Filipino	N	C	M	Y	President		
2. MA. FE C. SISCAR	Filipino	N	M	F	Y	Vice President		
3. GLENN JARO CAPUCION	Filipino	N	M	M	Y	N/A		
4. RACHEL RODELES-SANTIAGO	Filipino	N	M	F	Y	N/A		
5. BAUTISTA G. CORPIN	Filipino	N	M	M	Y	N/A		
6. CHERYL L. CHU	Filipino	Y		F	Y	Treasurer		
7. MICHELLE F. AYANGCO	Filipino	N		F	Y	N/A		
8. HERMOGENE H. REAL	Filipino	Y		F	Y	N/A		
9. MINDA P. DE PAZ	Filipino	Y		F	Y	N/A		
10. JANE D. SIOSON	Filipino	N		F	N	Corporate Secretary		
11. MARY NOREAN C. GABRIANA	Filipino	N		F	N	Assistant Corporate Secretary		
12.								
13.								
14.								
15.								

INSTRUCTION:

FOR SEX COLUMN, PUT "F" FOR FEMALE, "M" FOR MALE.
 FOR BOARD COLUMN, PUT "C" FOR CHAIRMAN, "M" FOR MEMBER, "I" FOR INDEPENDENT DIRECTOR.
 FOR INCR COLUMN, PUT "Y" IF AN INCORPORATOR, "N" IF NOT.
 FOR STOCKHOLDER COLUMN, PUT "Y" IF A STOCKHOLDER, "N" IF NOT.
 FOR OFFICER COLUMN, INDICATE PARTICULAR POSITION IF AN OFFICER, FROM VP UP INCLUDING THE POSITION OF THE TREASURER, SECRETARY, COMPLIANCE OFFICER AND/OR ASSOCIATED PERSON.
 FOR EXECUTIVE COMMITTEE, INDICATE "C" IF MEMBER OF THE COMPENSATION COMMITTEE; "A" FOR AUDIT COMMITTEE; "N" FOR NOMINATION AND ELECTION COMMITTEE. ADDITIONALLY WRITE "C" AFTER SLASH IF CHAIRMAN AND "M" IF MEMBER.

GENERAL INFORMATION SHEET

STOCK CORPORATION

===== PLEASE PRINT LEGIBLY =====

CORPORATE NAME:		PHILIPPINE COLLECTIVEMEDIA CORPORATION	
TOTAL NUMBER OF STOCKHOLDERS:	Nine (9)	NO. OF STOCKHOLDERS WITH 100 OR MORE SHARES EACH:	Two (2)
TOTAL ASSETS BASED ON LATEST AUDITED FINANCIAL STATEMENTS:		P 23,331,003.00	

STOCKHOLDER'S INFORMATION

NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (PhP)	TAX IDENTIFICATION NUMBER
	TYPE	NUMBER	AMOUNT (PhP)	% OF OWNER-SHIP		
1. MICHELLE F. AYANGCO Filipino	C	174,997	17,499,700.00	49.9991%	17,499,700.00	
	TOTAL	174,997	17,499,700.00			
2. HERMOGENE H. REAL Filipino	C	174,996	17,499,600.00	49.9989%	17,499,600.00	
	TOTAL	174,996	17,499,600.00			
3. CHERYL L. CHU Filipino	C	1	100.00	0.0003%	100.00	
	TOTAL	1	100.00			
4. MA. FE C. SISCAR Filipino	C	1	100.00	0.0003%	100.00	
	TOTAL	1	100.00			
5. MINDA P. DE PAZ Filipino	C	1	100.00	0.0003%	100.00	
	TOTAL	1	100.00			
6. SOFONIAS PONCE GABONADA JR. Filipino	C	1	100.00	0.0003%	100.00	
	TOTAL	1	100.00			
7. GLENN JARO CAPUCION Filipino	C	1	100.00	0.0003%	100.00	
	TOTAL	1	100.00			
TOTAL AMOUNT OF SUBSCRIBED CAPITAL			35,000,000.00	100.00%	35,000,000.00	
TOTAL AMOUNT OF PAID-UP CAPITAL						

INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS

Note: For PDTC Nominee included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.

GENERAL INFORMATION SHEET
STOCK CORPORATION

===== PLEASE PRINT LEGIBLY =====

CORPORATE NAME:		PHILIPPINE COLLECTIVEMEDIA CORPORATION				
TOTAL NUMBER OF STOCKHOLDERS:		Nine (9)		NO. OF STOCKHOLDERS WITH 100 OR MORE SHARES EACH: Two (2)		
TOTAL ASSETS BASED ON LATEST AUDITED FS:		P 23,331,003.00				
STOCKHOLDER'S INFORMATION						
NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (PhP)	TAX IDENTIFICATION NUMBER
	TYPE	NUMBER	AMOUNT (PhP)	% OF OWNERSHIP		
8. RACHELL RODELES-SANTIAGO Filipino	C	1	100.00	0.0003%	100.00	
	TOTAL	1	100.00			
9. BAUTISTA G. CORPIN Filipino	C	1	100.00	0.0003%	100.00	
	TOTAL	1	100.00			
10.						
	TOTAL					
11.						
	TOTAL					
12.						
	TOTAL					
13.						
	TOTAL					
14.						
	TOTAL					
TOTAL AMOUNT OF SUBSCRIBED CAPITAL			35,000,000.00	100.00%	35,000,000.00	
TOTAL AMOUNT OF PAID-UP CAPITAL						
INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS						
Note: For PDTC Nominee included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.						

GENERAL INFORMATION SHEET
STOCK CORPORATION

===== PLEASE PRINT LEGIBLY =====

CORPORATE NAME:		PHILIPPINE COLLECTIVEMEDIA CORPORATION				
TOTAL NUMBER OF STOCKHOLDERS:		Nine (9)		<small>NO. OF STOCKHOLDERS WITH 100 OR MORE SHARES EACH:</small>		Two (2)
TOTAL ASSETS BASED ON LATEST AUDITED FS:		P 23,331,003.00				
STOCKHOLDER'S INFORMATION						
NAME, NATIONALITY AND CURRENT RESIDENTIAL ADDRESS	SHARES SUBSCRIBED				AMOUNT PAID (PhP)	TAX IDENTIFICATION NUMBER
	TYPE	NUMBER	AMOUNT (PhP)	% OF OWNERSHIP		
15.						
	TOTAL					
16.						
	TOTAL					
17.						
	TOTAL					
18.						
	TOTAL					
19.						
	TOTAL					
20.						
	TOTAL					
21. OTHERS (Indicate the number of the remaining stockholders)						
	TOTAL					
TOTAL AMOUNT OF SUBSCRIBED CAPITAL					100.00%	
TOTAL AMOUNT OF PAID-UP CAPITAL						
INSTRUCTION: SPECIFY THE TOP 20 STOCKHOLDERS AND INDICATE THE REST AS OTHERS						
<small>Note: For PDTC Nominee included in the list, please indicate further the beneficial owners owning more than 5% of any class of the company's voting securities. Attach separate sheet, if necessary.</small>						

GENERAL INFORMATION SHEET
STOCK CORPORATION

PLEASE PRINT LEGIBLY

CORPORATE NAME: PHILIPPINE COLLECTIVEMEDIA CORPORATION			
1. INVESTMENT OF CORPORATE FUNDS IN ANOTHER CORPORATION	AMOUNT (PhP)	DATE OF BOARD RESOLUTION	
1.1 STOCKS	NONE		
1.2 BONDS/COMMERCIAL PAPER (Issued by Private Corporations)	NONE		
1.3 LOANS/ CREDITS/ ADVANCES	NONE		
1.4 GOVERNMENT TREASURY BILLS	NONE		
1.5 OTHERS	NONE		
2. INVESTMENT OF CORPORATE FUNDS IN ACTIVITIES UNDER ITS SECONDARY PURPOSES (PLEASE SPECIFY:)	DATE OF BOARD RESOLUTION	DATE OF STOCKHOLDERS RATIFICATION	
NONE			
3. TREASURY SHARES: NONE	NO. OF SHARES	% AS TO THE TOTAL NO. OF SHARES ISSUED	
4. UNRESTRICTED/UNAPPROPRIATED RETAINED EARNINGS AS OF END OF LAST FISCAL YEAR: NONE			
5. DIVIDENDS DECLARED DURING THE IMMEDIATELY PRECEDING YEAR: NONE			
TYPE OF DIVIDEND	AMOUNT (PhP)	DATE DECLARED	
5.1 CASH			
5.2 STOCK			
5.3 PROPERTY			
TOTAL	P		
6. ADDITIONAL SHARES ISSUED DURING THE PERIOD: NONE			
DATE	NO. OF SHARES	AMOUNT	
SECONDARY LICENSE/REGISTRATION WITH SEC AND OTHER GOV'T AGENCY: NONE			
NAME OF AGENCY:	SEC	B S P	I C
TYPE OF LICENSE/REGN.			
DATE ISSUED:			
DATE STARTED OPERATIONS:			
TOTAL ANNUAL COMPENSATION OF DIRECTORS DURING THE PRECEDING FISCAL YEAR (in PhP)	TOTAL NO. OF OFFICERS	TOTAL NO. OF RANK & FILE EMPLOYEES	TOTAL MANPOWER COMPLEMENT
NONE	5	30	32

NOTE: USE ADDITIONAL SHEET IF NECESSARY

I, JANE D. SIOSON, Corporate Secretary of PHILIPPINE COLLECTIVEMEDIA CORPORATION declare under penalty of perjury that all matters set forth in this GIS have been made in good faith, duly verified by me and to the best of my knowledge and belief are true and correct.

I hereby attest that all the information in this GIS are being submitted in compliance with the rules and regulations of the Securities and Exchange Commission (SEC) the collection, processing, storage and sharing of said information being necessary to carry out the functions of public authority for the performance of the constitutionally and statutorily mandated functions of the SEC as a regulatory agency.

I further attest that I have been authorized by the Board of Directors/Trustees to file this GIS with the SEC.

I understand that the Commission may place the corporation under delinquent status for failure to submit the reportorial requirements three (3) times, consecutively or intermittently, within a period of five (5) years (Section 177, RA No. 11232).

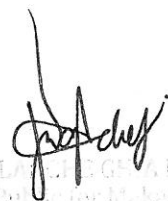
Done this ^{27 JAN 2021} 27th day of January, 2021 in Makati City.



JANE D. SIOSON
(Signature over printed name)

SUBSCRIBED AND SWORN TO before me in Makati City on ^{27 JAN 2021} January 27, 2021 by affiant who personally appeared before me and exhibited to me her competent evidence of identity consisting of UNIFIED Multi-Purpose ID with No.

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Page No. **14**
Book **I**
Series of 2021.


ATTY. BLANCA HEGRALIM
Notary Public for Makati City
MC No. 14-261, until December 31, 2021
3rd Floor, Universal Re Building,
106 Pasco Rd. Dasas, Makati City
Rd. of Attorneys No. 70792
STR. Q.L. No. 812732, Makati City, 01/10/2020
e-Registration No. 12/10/2020
e-Registration No. 12/10/2020

PRIM OWNERSHIP STRUCTURE

	Number of Shares	Current Percentages	Percentages after Conversion of Preferred	Percentages after PCMC
RYM	463,555,085	66.19%	66.14%	19.47%
Mairete	77,178,901	11.02%	11.01%	3.24%
Non-public	35,000,005*	5.00%	4.99%	1.47%
Public	124,564,625.00	17.79%	17.77%	5.23%
Current Subscribed and Outstanding	700,298,616.00	100.00%		
Conversion of Preferred to Common**	574,650		0.08%	0.02%
Total Outstanding After Conversion	700,873,266		100.00%	
Michelle Ayangco (PCMC)	839,985,600			35.28%
Hermogene Real (PCMC)	839,980,800			35.28%
PRIM's Total Outsanding After PCMC	2,380,839,666.00			100.00%
SUMMARY	AFTER PCMC			
RYM	19.47%			
Mairete	3.24%			
Total shares acquired by PCMC Shareholders	70.56%			
Total Public Float***	6.73%			
Total	100.00%			

* Of the 35,000,005 non-public shares, 34,999,000 shares or equivalent to 5% of the outstanding shares, are held under Caulfield Holdings, Inc. Caulfield's shares should be classified as public under the Rules on Public Ownership, where only those owning 10% and exercising influence over the company, i.e. directors and officers should be included in the Public Ownership. Neither Caulfield nor any of its directors or principal shareholders exercise any influence over the company.

The remaining non-public shares of 1,005 shares are those held by the current directors and officers of the Company. With the anticipated change of management with the entry of PCMC shareholders, there will be changes in the composition of the Board, hence, the non-public category in the ownership structure as for the 1,005 shares will likewise become public.

** The preferred shares for conversion to common shares are Public. Said shares are not identified to be beneficially or legally owned by the substantial shareholders, the directors, and principal officers. The declassification of preferred shares is in line with the cleaning-up efforts of management to remove liabilities arising out of its previous banking operations.

Said declassification is likewise an undertaking of PRIM under its 30 July 2021 Memorandum of Agreement with the RYM Business Corp, and the majority shareholders of Philippine CollectiveMedia Corp. Currently, there is a total of 14,366,260 issued preferred shares for conversion to common shares at a ratio of 25 preferred shares to 1 common share

*** The Total Public Float after the transaction is composed of the current non-public (35,000,005), public (124,564,625) and the shares arising from the conversion of preferred shares into common shares (574,650)

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement (the "Agreement") is executed on the 30th day of July 2021 (the "Execution Date") at Makati City, by and among:

RYM BUSINESS MANAGEMENT CORPORATION, a corporation organized under the laws of the Philippines, with principal office at 3rd Floor Uni Re Bldg., 106 Paseo de Roxas, Makati City represented herein by its *President*, **Mr. Remegio C. Dayandayan, Jr.**, hereinafter referred to as "RYM";

- and -

PRIME MEDIA HOLDINGS, INC., a corporation duly organized and validly existing under the laws of the Philippines, with principal office at 16th Floor BDO Towers Valero, 8741 Paseo de Roxas, Makati City, represented herein by its *Chairman and President*, **Mr. Manolito A. Manalo**, hereinafter referred to as "PMHI";

- and -

MICHELLE F. AYANGCO and HERMOGENE H. REAL, both of legal age and Filipino citizens with office address at 6th Floor Uni Re Bldg., 106 Paseo de Roxas, Makati City, hereinafter collectively referred to as "PCMC Shareholders".

RYM, PMHI and PCMC Shareholders shall be referred to individually as a "Party" and collectively, as the "Parties"

RECITALS:

WHEREAS, RYM is the majority and controlling shareholder of PMHI, a publicly-listed company whose shares of stocks are actively traded in the Philippine Stock Exchange.

WHEREAS, RYM is actively seeking for a co-investor to transform PMHI into a viable and operational business entity and address its capital deficiency, negative equity, and non-operation.

WHEREAS, PMHI is actively seeking business opportunities to revert to a going concern status and actively pursue business ventures that will enhance shareholder value despite existing liabilities to the Philippine Deposit Insurance Corporation (PDIC).

WHEREAS, PCMC Shareholders are the legal and beneficial owners of 100% of the outstanding capital stock of Philippine CollectiveMedia Corporation ("PCMC"), a corporation duly organized under the laws of the Republic of the Philippines engaged in the business of radio and television broadcasting with active radio and television stations, frequencies and permits granted by the National Telecommunication Communications and a national franchise granted through Republic Act No. 9773, as amended by Republic Act No. 11508

WHEREAS, PCMC Shareholders are interested in becoming RYM's co-investor in PMHI in order to transform PMHI into a viable and operational enterprise and to have access to the capital markets for expansion of PCMC's business operations, including, but not limited to, nationwide media and broadcasting coverage as well as digital media through the infusion of PCMC's assets and business to PMHI in exchange for shares ("Transaction").

WHEREAS, last 25 May 2021, the Parties executed a Memorandum of Understanding ("MOU") whereby the PCMC Shareholders shall cause the appraisal of PCMC's assets to determine its valuation as of 30 April 2021 and to give the parties time to conduct their respective due diligence and finalize the Definitive Agreements to implement the Transaction.

WHEREAS, the Parties have finalized the conditions in the MOU for the execution of the Definitive Agreements, including the terms and conditions for the implementation of the Transaction.

NOW THEREFORE, for and in consideration of the foregoing premises, and of the mutual covenants and stipulations contained herein, the Parties agree as follows:

**ARTICLE 1
DEFINITION OF TERMS**

1.1. For purpose of this Agreement:

"Agreement" has the meaning set forth in the opening paragraph.

"BIR" shall mean the Bureau of Internal Revenue

"Business Day" shall mean any day which is not a Saturday, Sunday, or a day on which banks are authorized or required to close in Makati City, Philippines.

"Close" or "Closing" shall mean the completion of the Subscription of the Subscription Shares, and the assignment and transfer of the PCMC Shares under Article 4.

"Closing Date" shall have the meaning set forth in Section 4.1.

"Closing Notice" shall have the meaning set forth in Section 4.1.

"Corporate Approvals" shall mean the approval of at least majority of the members of the Board of Directors and approval by the stockholders representing at least two-thirds (2/3) of the total issued and outstanding capital stock of the relevant company.

"Dispute" shall have the meaning set forth in Section 9.1.

"Indemnified Party" means a Party who is entitled to indemnification from another Party under Section 9.1.

"Indemnifying Party" means a Party who is responsible for indemnifying another Party under Section 9.1.

"Lien" means with respect to any Person, any security interest, mortgage, pledge, charge, hypothecation, assignment, encumbrance, lien (statutory or other), preference, priority or other security arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing or similar statement or notice filed under any recording or notice statute, any arrangement for the deposit of funds of such Person which cannot be terminated without the consent of the obligee of any indebtedness of such Person, and any sale and repurchase agreement or lease having substantially the same effect as any of the foregoing).

"Long Stop Date" means the date which is One Hundred Eighty (180) days from the execution of this Agreement.

"Losses" has the meaning set forth in Section 9.1.

"Material Adverse Change" means any event, development or circumstance (or series of events, developments or circumstances) that has, or could reasonably be expected to have a material adverse effect on (i) assets, business, operations, prospects, financial or other condition of a Party; (ii) the legality, validity or enforceability of this Agreement; (iii) the ability of a Party to perform its obligations under this Agreement or any other agreement to be entered into between the Parties, including the Shareholders' Agreement.

"Party" means a party to this Agreement and named in the Parties clause.

"PCMC" shall refer to Philippine CollectiveMedia Corporation.

"Person" means any individual, partnership, corporation, firm, trust, unincorporated association, joint venture, Philippine governmental authority, or any other entity of whatever nature.

"PMHI" shall refer to Prime Media Holdings, Inc.

"PMHI Closing Documents" shall have the meaning set forth in Section 4.3.

"Philippines" means the Republic of the Philippines.

"Price Per Share" shall mean One Peso (Php 1.00).

"PSE" shall mean the Philippine Stock Exchange

"SEC" shall mean the Philippine Securities and Exchange Commission.

"Shareholders' Agreement" shall mean the shareholders' agreement to be discussed by the Parties for execution pursuant to this Agreement.

"Subscription Agreement" shall mean the subscription agreements representing the subscriptions of the relevant PCMC Shareholders to the Subscription Shares as set forth in Section 4.2.

"Subscription Shares" shall mean a total of One Billion Six Hundred Seventy Nine Million Nine Hundred Sixty Six Thousand Four Hundred (1,679,966,400) common shares of PMHI to be issued out of the increase in authorized capital stock of PMHI, such that, the aggregate shares held by the PCMC Shareholders shall constitute seventy percent (70%) of the resulting issued and outstanding capital stock of PMHI after the Increase.

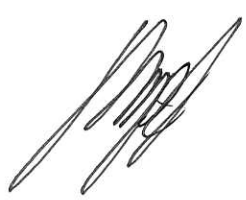
"Transaction Documents" shall mean this Agreement, Subscription Agreement, Deed of Assignment/Exchange, the Shareholders' Agreement, and any other agreements contemplated in this Agreement.

1.2. Interpretation. In this Agreement, unless the context otherwise requires:

(a) Words importing the singular number shall include the plural and vice versa, and words importing the masculine shall include the feminine and neuter gender and vice versa;

(b) Any reference to Articles, Sections, Schedules, or Annexes is a reference to articles and sections of, and schedules or annexes to, this Agreement;

(c) Any reference to any document instrument or agreement (i) shall include all annexes, schedules, and other attachments thereto, (ii) shall include all documents, instruments or agreements issued or executed in replacement thereof, and (iii) shall mean such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemental from time to time in accordance with the terms thereof and in effect at any given time;



(d) The headings to the Articles, Sections and paragraphs herein are inserted for ease of reference only and shall not affect the interpretation thereof or of this Agreement;

(e) Any reference to "writing" or cognate expressions include a reference to telex, cable, facsimile transmission, or comparable means of communications;

(f) Any reference to a Person includes its permitted successors and permitted assigns;

(g) The words "include", "includes" and "including" are not limiting and shall be deemed to be followed by the words "without limitation", whether or not so followed;

(h) The words "hereof", "herein" and "hereunder" and words of similar import when used in any document shall refer to such document as a whole and not to any particular provision of such document;

(i) Any reference to "days" shall mean calendar days, unless the term "Business Days" is used. References to a time of day shall mean such time in Manila, Philippines, unless otherwise specified;

(j) This Agreement is the result of negotiations among, and has been reviewed by, the Parties and their respective advisors. Accordingly, this Agreement shall be deemed to be the product of all the Parties, and no ambiguity in the language shall be construed in favor of or against a Party.

ARTICLE 2
SUBSCRIPTION TO PMHI SHARES AND TRANSFER OF PCMC SHARES

2.1. Subscription. Subject to conditions set forth in this Agreement, PCMC Shareholders as Subscribers shall subscribe to One Billion Six Hundred Seventy Nine Million Nine Hundred Sixty Six Thousand Four Hundred (1,679,966,400) shares (the "Subscription Shares") out of the increase in authorized capital stock of PMHI at the subscription price and par value of PhP 1.00 Peso (Php 1.00) per share (the "Price Per Share") or total subscription price of One Billion Six Hundred Seventy Nine Million Nine Hundred Sixty Six Thousand Four Hundred Pesos (Php 1,679,966,400.00), and pay the Consideration in the manner provided in Section 2.2

2.2. Consideration. As full payment for the Subscription, the Subscribers shall assign, transfer, and deliver to the PMHI a total of 349,993 PCMC shares (the "PCMC Shares") at an agreed value of One Billion Six Hundred Seventy Nine Million Nine Hundred Sixty Six Thousand Four Hundred Pesos (Php 1,679,966,400.00), as follows:

PCMC Shareholder	PCMC Shares	Agreed Price Per Share Value of PCMC Shares (Php)	Total Agreed Value of PCMC Shares (Php)	PMHI Shares	PMHI Subscription Price (PhP)	Total
Michelle Ayangco	174,997	4,800	839,985,600	839,985,600	1.00	839,985,600
Hermogene Real	174,996	4,800	839,980,800	839,980,800	1.00	839,980,800
Total	349,993		1,679,966,400	1,679,966,400		1,679,966,400

The Consideration and valuation of the PCMC Shares shall be supported by a third party appraisal report, which shall be confirmed by a third party fairness opinion report. No fractional shares shall be issued. Any fractional amount in the value of the PCMC Shares resulting from the valuation report, shall be rounded to the nearest ones.

2.3. Effect. Upon completion of the Subscription, PCMC Shareholders shall gain control and majority ownership of PMHI. On the other hand, PMHI will obtain the business, assets and ownership of PCMC effectively making PCMC into a subsidiary of PMHI.

**ARTICLE 3
UNDERTAKINGS PRIOR TO CLOSING**

3.1. Undertakings of PMHI. Immediately after the execution of this Agreement and prior to Closing, PMHI shall:

3.1.1. set a stockholders' meeting and secure the approval of the Stockholders for the contemplated transaction, including the following:

- a. Increase of the authorized capital stock of PMHI to Seven Billion Pesos (PhP 7,000,000,000.00), which shall be sufficient to cover the Subscription of PCMC Shareholders (the "Increase");
- b. Issuance of the Subscription Shares out of the Increase in consideration for the assignment of the PCMC Shares;
- c. Amendment of the Articles of Incorporation of PMHI to reflect the Increase, declassification of preferred shares and common shares into one class of common shares, with the corresponding decrease of authorized capital stock, if necessary, and deletion of all provisions relating to the preferred shares and previous banking operations;
- d. Approval of the Transaction in compliance with the PSE Rules on Additional Listing of Shares and Backdoor Listing including securing waiver of public or rights offering by the minority shareholders of PMHI;
- e. Amendment of the By-laws deleting those provisions relating to the previous banking operations.
- f. Election of PCMC Shareholders as directors of PMHI.

3.1.2. Prior to submission of the requirements to PSE, the Parties shall obtain a fairness opinion in accordance with the requirements of PSE rules, to support the Consideration and valuation of the PMHI Shares.

3.1.3. Perform the necessary actions that will make PMHI a 100% Filipino-owned corporation.

3.1.4. Prepare, execute, and submit any and all documents necessary to assist PCMC in securing congressional approval for transfer of controlling interest in PCMC from PCMC Shareholders to PMHI as required under the congressional franchise of PCMC.

3.1.5. Continue to operate its business consistent with past practice.

3.1.6. Not make any sale or disposition of the real or personal properties of PMHI unless undertaken in the ordinary course of business or with the consent of the PCMC Shareholders.

3.1.7. Not cause any amendment, cancellation, or termination of any contract, agreement, arrangement, permit, license, or other authorization relating



to the business of PMHI except in the ordinary course of business or for those relating to any banking related operations that have ceased.

- 3.1.8. Not enter into contract, agreement, arrangement, permit, license, or other authorization relating to PMHI business, unless (a) in the ordinary course of business, (b) relating to a private placement or subscription to PMHI shares of up to Three Hundred Million Pesos (PhP 300,000,000.00) at a par value of One Peso (PhP 1.00) for liquidity, (c) relating to the transaction with New Era Empire Realty Corp., or (d) with prior approval by the Board of Directors up to 30 June 2021 or (e) with the consent of the PCMC Shareholders.
- 3.1.9. Not perform, take any action, implement any policy, or incur or permit to exist any act, transaction, event, or occurrence which would be inconsistent with the representations and warranties set forth in this Agreement.
- 3.1.10. Subject to mutual agreement by the Parties, not: make any dividend declaration and payment or other distributions; make any change in the level of borrowing or in its working capital requirements; repay any borrowing or indebtedness in advance of its stated maturity; cause any increase or decrease in the levels of debts or receivables of PMHI; cause any change in accounting methods, principles, or practices by PMHI; cause any material adverse change in the financial position or in the prospects of PMHI and ensure that no event, fact or matter has occurred which is likely to give rise to such change; or enter into a new contract, liability, or commitment (whether in respect of capital expenditure or otherwise unless in the usual course of business).

3.2. Undertakings of the PCMC Shareholders. Immediately after the execution of this Agreement and prior to Closing, the PCMC Shareholders shall:

- 3.2.1. Cause PCMC Board of Directors and Shareholders to approve any and all resolutions necessary to the Transaction, including, but not limited to, applying for congressional approval for the change of controlling interest over PCMC from PCMC Shareholders to PMHI as required in the congressional franchise of PCMC.
- 3.2.2. cause PCMC to secure all third party or governmental approvals and consents to implement the Transaction to transfer control of PCMC to PMHI.
- 3.2.3. cause PCMC to continue to operate its business consistent with past practice.
- 3.2.5. cause PCMC not to make any sale or disposition of the real or personal properties of PCMC unless (a) in the ordinary course of business or (b) with the consent of PMHI.
- 3.2.6. cause PCMC not to effect any amendment, cancellation, or termination of any contract, agreement, arrangement, permit, license, or other authorization relating to the business of PCMC except for those relating to amendment of the congressional franchise to recognize the transfer of controlling interest from PCMC Shareholders to PMHI.
- 3.2.7. cause PCMC not to enter into a contract, agreement, arrangement, or other authorization relating to PCMC's business, unless in the ordinary course of business, or with the consent of PMHI.



- 3.2.8. cause PCMC not to perform, take any action, implement any policy, or incur or permit to exist any act, transaction, event, or occurrence which would be inconsistent with the representations and warranties set forth in this Agreement, or otherwise preclude the consummation of the transaction contemplated under this Agreement.
- 3.2.9. Subject to mutual agreement by the Parties, cause PCMC not to: make any dividend declaration and payment or other distributions; make any change in the level of borrowing or in its working capital requirements; repay any borrowing or indebtedness in advance of its stated maturity; cause any increase or decrease in the levels of debts or receivables of PCMC; cause any change in accounting methods, principles, or practices by PCMC; cause any material adverse change in the financial position or in the prospects of PCMC and ensure that no event, fact or matter has occurred which is likely to give rise to such change; or enter into a new contract, liability, or commitment (whether in respect of capital expenditure or otherwise unless in the usual course of business).

3.3. Non-Compliance with Undertakings Prior to Closing. In the event that a Party fails to materially comply with any undertakings in Article 3 (whether such failure amounts to repudiatory breach or not) other than those under Sections 3.1.1, 3.1.3 and 3.2.2 the Parties may, upon agreement: (a) proceed to Closing to the extent reasonably practicable; or (b) postpone Closing to such date as the Parties may agree, in which case the provisions of this Agreement shall apply as if that other date is the Closing.

**ARTICLE 4
CLOSING**

4.1. Within five (5) Business Days from the approval of PMHI's Stockholders of the items provided in Section 3.1.1, PMHI shall notify in writing the PCMC Shareholders of such approval (the "Closing Notice"). The Parties shall then agree to meet to effect Closing, which shall not be more than fifteen (15) Business Days from receipt of the Closing Notice (the "Closing Date"). The Closing shall take place at the offices of PMHI located at 16th Floor BDO Towers Valero, 8741 Paseo De Roxas Makati City or at such other date and place as the Parties shall designate.

4.2. On Closing Date (unless otherwise specified or waived), PMHI and the PCMC Shareholders shall sign, execute, and deliver the following:

4.2.1. The Subscription Agreement and Deed of Exchange/Assignment, in the form to be agreed upon by the Parties, to subscribe to 1,679,966,400 shares common shares out of the Increase in consideration for which, PCMC Shareholders shall assign, transfer, and deliver to PMHI, the PCMC Shares including their respective Stock Certificates; and

4.2.2. A Shareholders' Agreement which will include, among others, matters relating to the management of PMHI and the election of the Board of Directors and officers after the SEC approval of the Increase.

4.3. On Closing Date (unless otherwise specified or waived), PMHI shall deliver to PCMC Shareholders the following documents (the "PMHI Closing Documents"):

4.3.1. A sworn and notarized certificate, in the form agreed upon by the Parties, executed by a duly authorized representative of PMHI certifying to: (a) the truth and correctness of the representations and warranties under Section 6.1 as of Closing Date, is in accordance with Section 7.2.2; and (b) stating that there has been no action or proceeding instituted to restrain

or prohibit any of the transactions contemplated in this Agreement, in accordance with Section 7.2.4.

4.3.2. A sworn and notarized Secretary's Certificate attesting to the approval of relevant resolutions by PMHI's Board of Directors authorizing the execution, delivery and performance of this Agreement and all contracts and documents referred to herein.

4.4. On Closing Date (unless otherwise specified, extended or waived), the PCMC Shareholders shall sign execute and deliver to PMHI the following documents (the "PCMC Closing Documents"):

4.4.1. The stock certificates representing the PCMC Shares, duly endorsed by the PCMC Shareholders;

4.4.2. The stock certificates, deeds of assignment and declarations of trust relating to seven (7) PCMC shares, which are held by directors and nominees of PCMC Shareholders in PCMC.

4.4.3. A certified true copy of the Republic Act issued by the Congress of the Philippines approving the transfer of controlling interest of the radio and television broadcast franchise from PCMC Shareholders to PMHI.

4.4.4. A sworn and notarized certificate, in the form to be agreed by the Parties, executed by a duly authorized representative of PCMC certifying to: (a) the truth and correctness of the representations and warranties under Section 6.2 as of Closing Date, in accordance with Section 7.1.2; and (b) stating that there has been no action or proceeding instituted to restrain or prohibit any of the transactions contemplated in this Agreement, in accordance with Section 7.1.4.

4.4.5. Duly accomplished and signed Capital Gains Tax and Documentary Stamp Tax forms for a tax-free exchange transaction.

**ARTICLE 5
POST CLOSING**

5.1. Within ten (10) Business Days from the approval by the Stockholders of PMHI of the increase of authorized capital stock and amendment of articles of incorporation of PMHI (unless otherwise specified or waived), PMHI shall file with the Securities and Exchange Commission the application for the Increase and Amendment of the articles of incorporation.

5.2. Within ten (10) Business Days from execution of the Subscription Agreement, PMHI shall file a notice or confirmation of exempt transaction with the SEC.

5.3. Within ten (10) Business days from execution of the Subscription Agreement, PMHI shall file the necessary tax returns declaring the transaction qualified under Section 40(C)(2) of the National Internal Revenue Code and apply for a Certificate Authorizing Registration ("CAR") with the respective BIR-Revenue District Office of the PCMC Shareholders declaring the transaction as a tax-free exchange transaction. The Parties undertake to provide each other with all reasonably necessary assistance and cooperation in obtaining the CAR.

5.4. Within ten (10) Business Days from SEC approval of the Increase in authorized capital stock and provided that it is not later than the 5th day of the month following the approval of the Increase, PMHI shall pay the documentary stamp tax and file the tax return corresponding to the original issuance of the Subscribed Shares.

5.5. Within five (5) Business Days from receipt by PMHI of the BIR CAR, PMHI shall issue the stock certificates representing the Subscription Shares, update its Stock and Transfer Book, file a General Information Sheet with the SEC to reflect the foregoing, and provide the PCMC Shareholders with proof thereof.

5.6. Within five (5) Business Days from receipt by PCMC of the BIR Certificate Authorizing Registration, PCMC shall update its Stock and Transfer Book, cancel the stock certificates in the names of the PCMC Shareholders and issue new stock certificates/s in the name of PMHI, file a General Information Sheet with the SEC to reflect the transfer of the PCMC Shares to PMHI, and provide the PCMC Shareholders with proof thereof.

5.7. Within fifteen (15) Business Days from issuance of the new stock certificates representing the Subscription Shares, PMHI shall file with the PSE the listing application for the Subscription Shares.

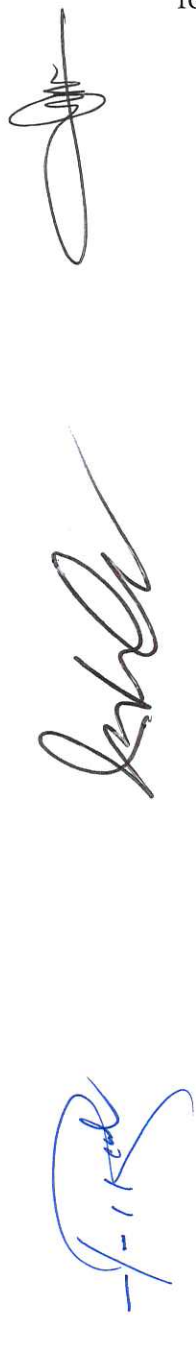
5.8. The Parties shall cause the election of regular directors, independent director, and corporate officers nominated by the PCMC Shareholders to the PMHI Board of Directors within the period provided in the Shareholders' Agreement.

**ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF THE PARTIES**

6.1. Representations and Warranties of PMHI. PMHI hereby represents and warrants to the PCMC Shareholders, as of the date of this Agreement and as of Closing Date, the following:

(a) Corporate Matters and Capital Structure

- (i) PMHI is duly incorporated and validly existing under the laws of the Philippines, and has full power, authority, and legal right to own its assets and carry on its business.
- (ii) Upon the issuance of the approval of SEC on the Increase, PMHI shall have available shares for the issuance of the Subscription Shares and has duly secured the required Corporate Approvals for its issuance.
- (iii) PMHI has obtained the consents applicable to complete the transactions contemplated in this Agreement.
- (iv) Each of the Transaction Documents has been duly authorized and, when executed by PMHI, will constitute its valid and legally binding obligation, enforceable in accordance with its terms. It is solvent and there has been no petition filed, order made, or effective resolution passed for the rehabilitation, liquidation, dissolution, or winding up of PMHI.
- (v) The execution and performance by PMHI of any of its obligations under this Agreement and any of the Transaction Documents contemplated thereby do not: (i) conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default, or require any consent under, any indenture, mortgage, agreement, or other instrument or arrangement to which it is a party or by which it is bound; (ii) violate any of the terms or provisions of PMHI's charter; or (iii) violate any authorization, judgment, decree, or order or any statute, law, rule, regulation or requirement applicable to it or its properties.



(b) The Subscription Shares

(i) Upon its issuance, the Subscription Shares shall be duly and validly authorized by all necessary corporate actions of PMHI and shall not be subject to any liens, preemptive rights, rights of first refusal, or other restrictions on transfers or third party rights which would not have been waived, and there is no existing agreement, arrangement, or obligation to create or grant a lien or other third party right obligating PMHI (or any subsequent transferee) with respect to any of the Subscription Shares and to the knowledge of PMHI, no person has claimed to be entitled to a Lien or other right in relation to any of the Subscription Shares.

(c) Assets and Liabilities

- (i) PMHI assets or those under its management or custody include assets from its previous banking operations.
- (ii) PMHI liabilities provided in the latest audited and interim financial statements of PMHI.
- (ii) PMHI is the legal and/or beneficial owner of properties disclosed in the latest audited and interim financial statements of PMHI.
- (iii) PMHI has not created any Lien over its properties, other than what is provided in the latest audited and interim financial statements of PMHI.
- (iv) PMHI is not in default of any loan covenant or any other provision of its loans, credit facilities, promissory notes and/or similar instruments with banks, financial and non-financial institutions, and other third-party creditors.
- (v) PMHI has not incurred any additional loans and/or liabilities other than in the usual course of business operations or other than what is provided in the latest audited and interim financial statements of PMHI.

(d) Regulatory

- (i) PMHI has obtained all material permits, licenses, concessions, and other governmental authorizations, certificates, consents, and approvals necessary to: (a) conduct their business and operate their assets as presently conducted and operated; and (b) own their assets.

(e) Litigation

- (i) Except as stated in a disclosure letter to the PCMC Shareholders, PMHI is not involved, whether as plaintiff or defendant or otherwise, in any civil, criminal or arbitration proceedings in relation to the Subscription Shares, or its assets (apart from the ordinary course of business) or in any such proceedings before any tribunal, and which may affect the consummation of the transactions contemplated in this Agreement.

6.2. Representations and Warranties of the PCMC Shareholders. The PCMC Shareholders hereby represent and warrant to PMHI, as of the date of this Agreement and as of Closing Date:

(a) General

- (i) The PCMC Shares held and owned by the PCMC Shareholders are not subject to any Lien.



- (ii) The PCMC Shareholders have obtained the consent of all the concerned parties, including government agencies and existing creditors, as applicable, to complete the transactions under this Agreement.
- (iii) The PCMC Shareholders have full power, authority, financial capacity, and legal right to enter into this Agreement and to execute and deliver this Agreement. The execution and performance by the PCMC Shareholders of their obligations and the consummation of the transactions contemplated hereby will not result in the breach or cancellation or termination of any of the terms or conditions of, or constitute a default under any agreement, commitment, or other instrument to which the PCMC Shareholders are a party or by which the PCMC Shareholders may be bound or affected or violate any law or any rule or regulation of any administrative agency or governmental body or any order, writ, injunction, or decree of any court, administrative agency or governmental body affecting the PCMC Shareholders, which violation will materially and adversely affect the subscription by the PCMC Shareholders of Subscription Shares.

(b) PCMC

- (i) PCMC is duly incorporated and validly existing under the laws of the Philippines, and has full power, authority, financial capacity, and legal right to own its assets and carry on its businesses.
- (ii) The PCMC Shareholders are the legal and/or beneficial owners of one hundred percent (100%) of the outstanding capital stock of PCMC.
- (iii) PCMC has legal, valid, and effective congressional franchise under Republic Act No. 9773, as amended by Republic Act No. 11508, and permits from the National Telecommunication Commission (NTC) to operate radio and television broadcasting stations.
- (iv) The Company has valid title to all properties and assets presently owned and possessed by it, particularly those relevant for its business.

6.3. Warranties Accompanying the Assignment and Transfer of the PCMC Shares. The PCMC Shareholders hereby warrant the following, unless otherwise stated in a disclosure letter to be submitted to PMHI at Closing Date:

- (a) PCMC is free from liabilities other than what is provided in the latest audited and interim financial statements of PCMC.
- (b) PCMC is the legal and/or beneficial owner of properties disclosed in the latest audited and interim financial statements of PCMC.
- (c) PCMC has not created any Lien over its properties, other than what is provided in the latest audited and interim financial statements of PCMC.
- (d) PCMC is not in default of any loan covenant or any other provision of its loans, credit facilities, promissory notes and/or similar instruments with banks, financial and non-financial institutions, and other third-party creditors.
- (e) PCMC has not incurred any additional loans and/or liabilities other than in the usual course of business operations or other than what is provided in the latest audited and interim financial statements of PCMC.

- (f) PCMC has obtained all material permits, licenses, concessions, and other governmental authorizations, certificates, consents, and approvals necessary to:
(a) conduct its business and operate its assets as presently conducted and operated; and (b) own its assets including the radio and television broadcasting congressional franchise.
- (g) PCMC is not currently involved, whether as plaintiff or defendant or otherwise, in any civil, criminal, or arbitration proceedings or in any such proceedings before any tribunal.

ARTICLE 7
CONDITIONS TO THE OBLIGATIONS OF PMHI AND PCMC SHAREHOLDERS

7.1. The subscription of the PCMC Shareholders to the Subscription Shares, is conditioned upon the satisfaction, at or prior to Closing Date, of the following conditions:

- 7.1.1. Corporate and Governmental Authorizations. Subject to Article 5, PMHI has given all notices and obtained all the corporate and governmental approvals and authorizations necessary for the execution, delivery, and performance of the Agreement.
- 7.1.2. No Material Adverse Change. From the date of this Agreement until the Closing Date, and except as disclosed to the PCMC Shareholders, there has been no material adverse change in PMHI and its subsidiaries.
- 7.1.3. No Litigation Threatened. From the date of this Agreement and until Closing Date, and except as disclosed to the PCMC Shareholders, PMHI is not a party to nor has been notified of any action or proceeding which has been instituted or is threatened before a court or other governmental body or by any public authority to restrain or prohibit any of the transactions contemplated hereby.
- 7.1.4. Truth of Representations and Warranties. Except as disclosed to the PCMC Shareholders, the representations and warranties of PMHI in this Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of such date.

7.2. The issuance of the Subscription Shares by PMHI is conditioned upon the satisfaction, at or prior to Closing Date, of the following conditions:

- 7.2.1. Authorizations. The PCMC Shareholders have obtained all authorizations and approvals, corporate or otherwise, necessary to authorize the execution, delivery, and performance of this Agreement.
- 7.2.2. No Material Adverse Change. From the date of this Agreement until the Closing Date, and except as disclosed to PMHI, there has been no material adverse change in PCMC and its subsidiaries.
- 7.2.3. No Litigation Threatened. From the date of this Agreement and until Closing Date, and except as disclosed to PMHI, PCMC and the PCMC Shareholders are not a party to nor have they been notified of any action or proceeding which has been instituted or is threatened before a court or other governmental body or by any public authority to restrain or prohibit any of the transactions contemplated hereby.
- 7.2.4. Truth of Representations and Warranties. Except as disclosed to PMHI, the representations and warranties of the PCMC Shareholders in this

 12



Agreement are true and correct in all material aspects on and as of Closing Date with the same effect as though such representations and warranties had been made on and as of such date.

**ARTICLE 8
TAXES and FEES**

8.1 Taxes.

8.1.1 The Parties contemplate a tax-free exchange transaction pursuant to Section 40(C)(2) of the National Internal Revenue Code for the issuance of the Subscription Shares in exchange for shares of stock in PCMC. All expenses relating to securing Certificates Authorizing Registration and process shall be for the account of PMHI.

8.1.2 Taxes including documentary stamp tax, registration fees, and other similar fees and taxes due on the original issuance of the Subscription Shares shall be for the account of PMHI.

8.2 Listing Fee. Expenses relating to the listing of the Subscription Shares shall be for the account of PMHI.

**ARTICLE 9
INDEMNIFICATION**

9.1. Indemnity. A Party (the "Indemnifying Party") shall indemnify the other Party (the "Indemnified Party"), without prejudice to the limitations specified in Section 9.2 and 9.3 hereof, from all costs, losses, claims, damages and liabilities, including reasonable attorneys' fees (the "Losses"), incurred by such Indemnified Party and arising out of any breach by the Indemnifying Party of any material obligation or warranty contained in this Agreement, except to the extent such Losses relate to the gross negligence or willful misconduct of the Indemnified Party.

9.2. Limitation on Liability. Notwithstanding any other provision of this Agreement, no Party shall be entitled to indirect, moral, exemplary, nominal, or consequential losses or damages arising out of or in connection with this Agreement.

9.3. Notice. The Indemnified Party may not bring any claim for Losses against the Indemnifying Party, unless the Indemnified Party gives written notice of any such claim, specifying in reasonably sufficient detail the nature of the breach and, to the extent practicable, the amount claimed in respect thereof.

9.4. Survival of Representations and Warranties. The representations and warranties of the Parties hereto contained in this Agreement and the indemnification obligations related thereto pursuant to Sections 9.1 shall survive the Closing but shall terminate and be of no further force or effect upon the expiration of twenty-four (24) months after the Closing Date; and a Party cannot raise an indemnity claim against another Party after such expiration.

9.5. Failure to Close. In the event that Closing does not occur on or before the Long Stop Date, or such later date as may be mutually determined by the Parties, for any reason, this Agreement shall automatically terminate in all respects upon written notice thereby from the PCMC Shareholders to PMHI. Upon such termination, all Parties shall be deemed released from any and all obligations that they may have under this Agreement, without prejudice to the rights and/or remedies that may have accrued in favor of the PCMC Shareholders for any breach committed by PMHI prior to such termination.

9.6. Exclusive Remedy. After the Closing Date, the indemnification provided for in this Article 9 shall be the sole and exclusive remedy of a Party hereto for asserting claims for Losses with respect to the matters covered under Section 9.1, except in cases of fraud, intentional misrepresentation, willful misconduct, or criminal conduct by the other Party. The foregoing however shall not limit any right or remedy of a Party available at law or in equity to seek to enforce any covenant, agreement, or obligation under this Agreement.

**ARTICLE 10
TERMINATION AND DISPUTE RESOLUTION**

10.1. Amicable Settlement. Any dispute, controversy or claim arising out of, relating to or in connection with this Agreement, including any questions regarding its existence, validity, or termination, or regarding a breach thereof (each a "Dispute") shall, so far as is possible, be settled amicably between the Parties within thirty (30) days after written notice of such Dispute has been given by one Party to the other Parties. The settlement and, if any, arbitral proceedings pursuant to Section 10.2 shall be kept confidential. If the Parties are unable to settle any such Dispute within such thirty (30)-day period, such Dispute shall be submitted for mediation to PMHI's President or his nominee and one of the PCMC Shareholders or his nominee. Such persons shall mediate the Dispute in an effort to assist the Parties to reach a resolution of the Dispute mutually acceptable to the Parties. If the matter is not resolved within thirty (30) days after it has been submitted to such officers, any Party may refer such Dispute to arbitration as set forth in Section 10.2.

10.2. Arbitration Procedure. (a) Subject to Section 10.1, any Dispute shall be finally settled by arbitration under and in accordance with the Philippine Dispute Resolution Center, Inc. (the "Rules") as at present in force, which Rules are deemed to be incorporated by reference into this Section 10.2. The place of arbitration shall be in Makati City. The tribunal shall consist of three (3) arbitrators. The first arbitrator shall be appointed by the Party which provided notice in writing to the other Party informing the latter of its intention to initiate arbitration. The other Party shall appoint the second arbitrator within one (1) month from receipt of the aforementioned notice. The two arbitrators shall appoint the third arbitrator. The proceedings shall be conducted in English, and the arbitrators shall be conversant in and have a thorough command of the English language. The award rendered by the arbitrators shall be final, conclusive, and binding on the Parties and judgment thereon may be entered and enforced in any court of competent jurisdiction.

10.3. Termination by Mutual Agreement. Notwithstanding the provisions under Sections 10.1 and 10.2, the Parties, by mutual agreement, may terminate this Agreement. In such case, any and all amounts paid by the PCMC Shareholders and the Parties shall be restored to their circumstances prevailing before Closing. Each Party shall bear its own costs for the mutual restitution under this provision.

**ARTICLE 11
MISCELLANEOUS**

11.1. Notices. Any notice to be given by any Party to this Agreement shall be in writing and in English and shall be delivered personally or sent by certified, registered (return receipt requested) or express mail, postage prepaid, electronic mail, or private courier. Any such notice shall be deemed given when received and shall be addressed as follows:

11.1.1. if to RYM to:

ATTY. REMEGIO C. DAYANDAYAN, JR
President



11.1.2. if to PMHI to:

ATTY. MANOLITO A. MANALO
President



11.1.3. if to the PCMC Shareholders to:

ATTY. HERMOGENE H. REAL



Any Party may, by notice given in accordance with this Section to the other Parties, designate another address or Person for receipt of notices hereunder.

11.2. Entire Agreement. This Agreement and the Schedules, Annexes and other documents referred to herein, contain the entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.

11.3. Waivers and Amendments; Non-Contractual Remedies; Preservation of Remedies. This Agreement may be amended, superseded, cancelled, renewed, or extended, and the terms hereof may be waived, only by a written instrument signed by all the Parties or, in the case of a waiver, by the Party waiving compliance. The failure of a Party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver or deprive that Party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

11.4. Binding Effect; No Assignment, No Third-Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and permitted assigns. Neither this Agreement, nor any right hereunder, may be assigned by any Party without the prior written consent of the other Party, except that the Assignee may designate a related party to be the Assignee prior to the Closing. Nothing in this Agreement is intended or shall be construed to give any person, other than the Parties hereto, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein.

11.5. No Joint Venture or Partnership. Notwithstanding anything set forth herein to the contrary, the Parties hereby acknowledge that it is their intention and understanding that the transactions contemplated hereby do not in any way constitute or imply the formation of a joint venture or partnership between the Parties for tax purposes, nor confer upon any Party the right or power to act as agent for, or the responsibility for the acts or commitments of, any other Party.

11.6. Counterparts. This Agreement may be executed in two or more counterparts, each of which when so executed and delivered shall be considered an original, but all of which taken together shall constitute one and the same instrument.

11.7. Severability. If any provision contained in this Agreement or any part thereof shall for any reason be held invalid or unenforceable in any respect under the laws of the Philippines or any other relevant jurisdiction, the remainder of the Agreement shall remain in effect, to the extent permitted by law, and the Parties will negotiate in good faith to replace such provision in light of the intention of the Parties expressed herein.

11.8. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Philippines.

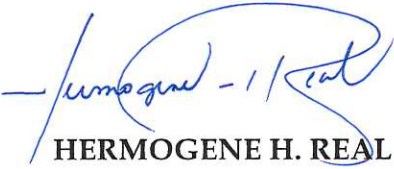



11.9. Publicity. Except as otherwise required by law or any applicable national securities exchange, none of the Parties shall issue any press release or make any other public statement, in each case relating to, connected with or arising out of this Agreement or the matters contained herein, without obtaining the prior approval of the other Party.

11.10. Expenses. Except as otherwise stated in this Agreement, the Parties shall pay all of their own expenses relating to the transactions contemplated by this Agreement, including, without limitation, the fees and expenses of their own brokers, finders, agents, representatives, financial consultants, accountants, and counsels, except as otherwise agreed.

11.11. Confidential Information. Each Party shall, at all times, keep confidential any information which it may acquire or become aware of in relation to this Agreement, and shall not use or disclose such information, except if required by law or applicable regulation or ordered by a court of competent jurisdiction or by an administrative body pursuant to a requirement of law or regulation.

(Signature page follows)

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date and place first above written.

PCMC SHAREHOLDERS	PRIME MEDIA HOLDINGS, INC.
 HERMOGENE H. REAL	By:  MANOLITO A. MANALO
 MICHELLE F. AYANGCO	RYM BUSINESS MANAGEMENT CORPORATION By:  REMEGIO C. DAYANDAYAN, JR.,



ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY, METRO MANILA) S.S.

BEFORE ME, a Notary Public for and in the City above-named personally appeared the following:

<u>Name</u>	<u>Competent Evidence of Identity</u>	<u>Date/Place issued</u>
Remegio C. Dayandayan	[REDACTED]	
Manolito A. Manalo	[REDACTED]	
Michelle Ayangco	[REDACTED]	[REDACTED]
Hermogene H. Real	[REDACTED]	

who were identified by me through competent evidence of identity to be the same persons described in the foregoing instrument, who acknowledged before me that their respective signatures on the instrument were voluntarily affixed by them for the purposes stated therein, and who declared to me that they have executed the instrument as their free and voluntary act and deed, as well as the free and voluntary act and deed of the principals that they respectively represent.

This instrument refers to a Memorandum of Agreement consisting of eighteen (18) pages including the page on which this Acknowledgement is written, signed by the authorized representatives of the Parties and their witnesses on the signature page.

WITNESS MY HAND AND SEAL this 30th day of July 2021 in Makati City, Philippines.

Doc. No. 417 ;
Page No. 85 ;
Book No. 5 ;
Series of 2021.

Marjorie A. San Juan
MARJORIE A. SAN JUAN
 Notary Public for Makati City
 Appt. No. M-135 Until 31 Dec. 2021
 Roll of Attorneys No. 71296
 IBP Membership No. 153408; 01/18/2021
 PTR No. MKT-8547468ME; 01/15/2021; Makati City;
 MCLE Compliance No. VI-0013795; 10/12/2018
 4F BDO Towers (formerly Citi Center),
 8741 Paseo de Roxas, Makati City

[Handwritten signature]

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