

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended
Sep 30, 2016
2. SEC Identification Number
22401
3. BIR Tax Identification No.
000491007
4. Exact name of issuer as specified in its charter
PRIME MEDIA HOLDINGS, INC.
5. Province, country or other jurisdiction of incorporation or organization
Manila, Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
16TH FLOOR CITIBANK TOWER, 8741 PASEO DE ROXAS MAKATI CITY
Postal Code
1227
8. Issuer's telephone number, including area code
831-4479
9. Former name or former address, and former fiscal year, 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. Are any or all of registrant's securities listed on a Stock Exchange?
☒ Yes ☐ No
If yes, state the name of such stock exchange and the classes of securities listed therein:
Philippine Stock Exchange
12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

☒ Yes ☐ No

(b) has been subject to such filing requirements for the past ninety (90) days

☒ Yes ☐ No

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 17-2 - Quarterly Report *References: SRC Rule 17 and Sections 17.2 and 17.8 of the Revised Disclosure Rules*

For the period ended	Sep 30, 2016
Currency (indicate units, if applicable)	PHP

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Sep 30, 2016	Dec 31, 2015
Current Assets	53,774,397	78,439,864
Total Assets	92,103,027	116,784,224
Current Liabilities	192,247,540	195,989,085
Total Liabilities	192,247,540	195,989,085
Retained Earnings/(Deficit)	-2,929,781,258	-2,908,841,606
Stockholders' Equity	-100,144,513	-79,204,861
Stockholders' Equity - Parent	-	-
Book Value per Share	-0.14	-0.11

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Operating Revenue	2,024	842,609	545,869	1,892,428
Other Revenue	0	0	0	0
Gross Revenue	2,024	842,609	545,869	1,892,428
Operating Expense	7,205,230	3,726,335	21,485,520	7,514,785
Other Expense	0	0	0	0
Gross Expense	7,205,230	3,726,335	21,485,520	7,514,785
Net Income/(Loss) Before Tax	-7,203,206	-2,883,726	-20,939,651	-5,622,357
Income Tax Expense	0	0	0	0
Net Income/(Loss) After Tax	-7,203,206	-2,883,726	-20,939,651	-5,622,357
Net Income Attributable to Parent Equity Holder	-7,203,206	-2,883,726	-20,939,651	-5,622,357
Earnings/(Loss) Per Share (Basic)	-0.01	-0	-0.03	-0
Earnings/(Loss) Per Share (Diluted)	-0.01	-0	-0.03	-0

Other Relevant Information

NONE.

Filed on behalf by:

Name	Joanna Manzano
Designation	Junior Compliance Officer

COVER SHEET

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S.E.C. Registration Number

P	R	I	M	E		M	E	D	I	A		H	O	L	D	I	N	G	S	,		I	N	C	.			
(f	o	r	m	e	r	l	y		F	i	r	s	t		e	-	B	a	n	k		C	o	r	p	.)

(Company's Full Name)

1	6	t	h		F	l	o	o	r		C	i	t	i	b	a	n	k		T	o	w	e	r	,
8	7	4	1		P	a	s	e	o		d	e		R	o	x	a	s	,						
M	a	k	a	t	i		C	i	t	y															

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

ROLANDO S. SANTOS

Contact Person

831-4479

Company Telephone Number

1	2	3	1
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Month Day
Fiscal Year

SEC 17-Q

FORM TYPE

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Month Day
Annual Meeting

N/A

Secondary License Type, If Applicable

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Amended Articles
Number/Section

Total Amount of Borrowings

1,608

Total No. of
Stockholders

nil	
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Domestic Foreign

To be accomplished by SEC Personnel concerned

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File Number

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SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2) (b) THEREUNDER

1. For the quarterly period ended SEPTEMBER 30, 2016
2. Commission 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 or organization METRO MANILA
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code
16TH FLOOR CITIBANK TOWER, 8741 PASEO DE ROXAS MAKATI CITY 1227
8. Issuer's telephone number, including area code 831-4479
9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Stock, P1 par value	700,220,185
Preferred Stock, P1 par value	16,327,030

11. Are any or all of the securities listed on a Stock Exchange?

Yes ☒ No ☐

Philippine Stock Exchange

Common Shares

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes ☒ No ☐

(b) Has been subject to such filing requirements for the past ninety (90) days.

Yes ☒ No ☐

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PART I – FINANCIAL INFORMATION

Item 1. – Financial Statements

The Unaudited Interim Financial Statement of Prime Media Holdings, Inc. as of September 30, 2016 and for nine months period ended September 30, 2016 and 2015 with comparative audited figure as of December 31, 2015 is in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation in the preparation of the interim financial statements.

Statements Financial Position as of September 30, 2016 and December 31, 2015

	September 30, 2016 Unaudited	December 31, 2015 Audited	September 30, 2016 vs. Dec. 31, 2015	
	(P'000)	(P'000)	Amount Increase (decrease) (P'000)	Percentage Increase (decrease)
Current assets	P54,774	P78,440	(P24,666)	(31.45%)
Noncurrent assets	38,329	38,344	(15)	(0.04%)
Total Assets	P92,103	P116,784	(P24,681)	(21.13%)
Current Liabilities	192,248	P195,989	(P3,742)	(1.91%)
Stockholders' Equity	(100,145)	(79,205)	(20,940)	(26.44%)
Total Liabilities and Stockholders' Equity	P92,103	P116,784	(P24,681)	(21.13%)

Statements Income for the nine months and three months period ended September 30, 2016 and 2015.

	For nine months ending September 30,		For three months ending September 30,	
	2016 (P'000)	2015 (P'000)	2016 (P'000)	2015 (P'000)
Revenues	P546	P1,892	P2	P843
Expenses	21,486	7,515	7,205	3,726
Loss before tax	(20,940)	(5,623)	(7,203)	(2,883)
Provision for income tax	–	–	–	–
Net loss	(P20,940)	(P5,623)	(P7,203)	(P2,883)

Summary of Statements of Cash Flows for the nine months period ending September 30, 2016 and September 30, 2015.

	For nine months ending September 30,		For three months ending September 30,	
	2016 (P'000)	2015 (P'000)	2016 (P'000)	2015 (P'000)
Cash used in operating activities	(P70,169)	(P15,692)	(P1,389)	(P12,990)
Cash used in investing activities	—	(86)	—	—
Cash used in financing activities	—	—	—	—
Net decrease in cash	(P70,169)	(P15,778)	(P1,389)	(P12,990)
Cash at beginning of period	73,225	110,054	4,445	107,266
Cash at end of period	P3,056	P94,276	P3,056	P94,276

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

The company has not been actively operating other than the activities connected with the transfer of the Company's remaining assets to the Philippine Depositary Insurance Corporation (PDIC) and the Bangko Sentral ng Pilipinas (BSP). The Company also continues to pursue the cleanup of its books and the settlement of its remaining obligations to pave the way for possible additional capital infusion from third party investors.

Results of Operation

Nine months ended September 30, 2016 compared with nine months ended September 30, 2015

The results of operation for the nine months period ended September 30, 2016 and 2015 were net loss of P21.0 million and P5.62 million, respectively resulting to an increase of P15.38 million or equivalent to 272.44%.

Significant changes in the income accounts for the nine months ended September 30, 2016 versus the same period last year are as follows:

Income

- There were no rental income for the period as compared to last year of P1.15 million.
- Interest income decreased by P0.12 million or equivalent to 73.5%.
- Recovery of assets previously written off for the current period is P0.50 million as compared to P0.58 million last year, a decrease of P0.08 million or equivalent to 13.7%.

Expenses

- Management and professional fee increase by P17.36 million or equivalent to 887.3%. The increase was attributable to the payment of management fee to RYM Business Management Corp. in the amount of P17.25 million compared to none on same interim period last year. The 2015 management fees were fully recognized in the last quarter.
- Outside services decreased by P1.28 million or 62.4% this is due to the hiring of an appraiser in 2015 to assess the market value of the properties for transfer to PDIC.
- Association dues increased by P0.04 million or equivalent to 24.6%.
- Rent expense increased by P0.20 million or equivalent to 172.1% from P0.12 million last year to P0.32 million this year.
- There were no penalties and losses incurred during the period as compared to P1.17 million last year. The penalties and losses incurred in 2015 was mainly from the settlement of loss on litigation "China Banking Corporation vs. Plasko Trading Inc. and PDCP Development Bank (now Prime Media Holdings, Inc.)", under Civil Case No. 95-72847, RTC Manila, Branch 17.

- Salaries and allowance decreased by ₱0.12 million or equivalent to 48.0% due to termination of some employees engage for the compilation of corporate documents in relation to the assets for transfer to PDIC.
- Depreciation expense increased by ₱0.01 million or equivalent to 166.7% due to depreciation newly acquired office equipment.
- Taxes and licenses decreased by ₱1.35 million or equivalent to 82.3% mainly due to the payment for the renewal of corporate life and business taxes.

Three months ended September 30, 2016 compared with three months ended September 30, 2015

The results of operation for the three months ended September 30, 2016 and 2015 were net loss of ₱7.20 million and ₱2.88 million, respectively resulting to an increase of ₱4.32 million or equivalent to 152.43%.

Significant changes in the income accounts for the nine months ended September 30, 2016 versus the same period last year are as follows:

Income

- There were no rental income for the period as compared to last year of ₱0.29 million.
- Interest income decreased by ₱0.05 million or equivalent to 96.2%
- A 100% decreased in Recovery of assets previously written off since there were no collection on the recovery of asset for the current period as compared to ₱0.50 million last year.

Expenses

- Management and professional fee increase by ₱5.05 million or equivalent to 390.2%. The increase was mainly from payment of management fee to RYM Business Management Corp. in the amount of ₱5.77 million compared to ₱1.29 million on same period last year. The 2015 management fees were fully recognized in the last quarter.
- Outside services decreased by ₱0.60 million or 84.5% this is due to the hiring of an appraiser in 2015 to assess the market value of the properties for transfer to PDIC.
- Association dues increased by ₱0.04 million or equivalent to 31.19%.
- Rent expense increased by ₱0.01 million or equivalent to 33.30% from ₱0.01 million last year to ₱0.02 million this year.
- There were no recorded Penalties and losses for the period as compared to ₱0.27 million last year of the same period equivalent to 100% decrease.
- Salaries and allowance decreased by ₱0.01 million or equivalent to 7.0% due to termination of some employees engage for the compilation of corporate documents in relation to the assets for transfer to PDIC.
- Depreciation expense increased by ₱0.01 million or equivalent to 166.7% due additional depreciation on newly acquired office equipment.
- Taxes and licenses decreased by ₱1.0 million or equivalent to 91.07% mainly due to the payment for the renewal of corporate life.

Statement of Financial Position

The significant changes in the Statement of Financial Position accounts during the nine months ended September 30, 2016 versus the December 31, 2015 level are as follows:

Total assets stood at ₱92.35 million which is ₱24.44 million or 20.9% lower than the December 31, 2015 level. Significant changes were mainly due to the following:

- Cash decreased by ₱70.17 million or 95.8% from ₱73.22 million as of December 31, 2015 to ₱3.06 million as of September 30, 2016. The decreased largely pertains to the advances to affiliate of ₱40.0 million and ₱23.09 million paid to RYM Business Corp as management fees for the year to be amortized on a quarterly basis.
- The increased in other current asset was due to the advances made by affiliates in the amount of ₱40.0 million and the ₱5.77 million unamortized portion of the management fee paid to RYM Business Corporation.
- The decreased on Computer equipment is due to the accumulated depreciation.

There was no significant change on Liabilities during the interim period.

In April 2016, 34.19 million shares were converted to 1.37 million common shares at a rate of 25:1, which resulted to a decreased in preferred stock by ₱34.19 million and increase in common stock by ₱1.37 million and increased in additional paid capital in excess of par by ₱32.82 million.

The Company has capital deficiency of ₱100.18 million and ₱79.2 million as of September 30, 2016 and December 31, 2015 respectively. An increased in capital deficiency of ₱20.98 million or equivalent to 26.4% pertains to net loss for the period.

Statement of Cash Flows

The net cash used in operating activities in 2016 amounted to ₱70.17 million as compared to ₱15.69 million in 2015. Basically, the decrease in cash from operations was due to the management and professional fees and advances to affiliates.

No cash flows from investing activities in 2016 as compared to ₱0.09 million in 2015 due to acquisition of computer equipment.

As at September 30, 2016 and 2015, cash amounted to ₱3.06 million and ₱94.28 million, respectively.

Horizontal and Vertical Analysis:

	Unaudited 2016 (P'000)	Audited 2015 (P'000)	Increase (Decrease) Amount Percentage	
ASSETS				
Current Assets				
Cash	₱3,056	₱73,225	(₱70,169)	(95.83)%
Receivable	4,361	4,385	(24)	(0.55)%
Other current assets	46,357	830	45,527	5,485.18%
Total Current Assets	53,774	78,440	(24,666)	(31.45)%
Noncurrent Assets				
Investment Property	38,020	38,020	—	—
Computer Equipment (Net)	59	74	(15)	(20.27)%
Available-for-sale investment	250	250	—	—
Total Noncurrent Assets	38,329	38,344	(15)	(0.04)%
	₱92,103	₱116,784	(₱24,681)	(21.13)%
LIABILITIES AND EQUITY				
Current Liabilities				
Accrued expenses and other current liabilities	₱192,247	₱195,989	(₱3,742)	(1.76)%
Equity				
Preferred Capital stock	14,366	48,559	(34,193)	(70.42)%
Common Capital stock	700,299	698,931	1,368	0.20%
Additional paid-in capital	2,114,922	2,082,097	32,825	1.58%
Net unrealized gain on AFSI	50	50	—	—
Deficit	(2,929,781)	(2,908,842)	(20,939)	0.72%
Total Equity	(100,144)	(79,205)	(20,939)	26.44%
	₱92,103	₱116,784	(₱24,681)	(21.13)%

FINANCIAL INDICATORS

	As of Sept.30, 2016	As of Sept. 30, 2015
Current Ratio 1/	0.28:1	0.49:1
Debt to Equity Ratio 2/	1.92: (1)	3.14: (1)
Asset to Equity Ratio 3/	0.92: (1)	2.14: (1)
Return on Assets 4/	(0.20)	(0.11)
Return on Equity 5/	(0.23)	(0.28)
Book Value Per Share 6/	(0.14)	(0.11)

1/ *Current assets divided by current liabilities*

2/ *Total liabilities divided by equity*

3/ *Total assets divided by equity*

4/ *Net income divided by average assets*

5/ *Net income divided by average equity*

6/ *Total Share Holders Equity divided by Number of common share*

OTHER INFORMATION

- a. There are no known trends, demands, commitments, events or uncertainties that have a material impact on the Company's liquidity.
- b. There are no events that will trigger direct or contingent financial obligation that is material to the Company.
- c. There are no material off-balance sheet transactions, arrangements, obligations, and other relationships of the company with unconsolidated entities, or other persons were created during the interim period.
- d. There are no material commitments for capital expenditures during the interim period.
- e. There are no known trends, events or uncertainties that have or are reasonably expected to have a material impact on net sales/ revenues/ income from continuing operations.
- f. There is no significant income or expense that did not arise from the Company's continuing operations.
- g. There is no seasonal aspect that had a material effect on the financial condition or results of operation.

PART II - OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

PART III - FINANCIAL SOUNDNESS INDICATORS

Liquidity Ratio

- a. Current Ratio

Total Current Assets/ Total Current Liabilities 0.28:1

- b. Quick Ratio

Quick asset / Total Current Liabilities = 0.04:1

Solvency Ratio

- a. Debt Ratio

Total liabilities / Total assets = 2.08:1

- b. Debt to Equity Ratio

Total liabilities / Shareholder's Equity = 1.92: (1)

Profitability Ratio

- a. Return on Equity Ratio

Net loss / Average shareholder's equity = (0.24): (1)

- b. Return on Assets

Net loss / Average Total assets = (0.20) : 1

- c. Asset to Equity Ratio:

Total Assets / Ave. Stockholders' Equity = 0.92: (1)

- d. Asset Turnover

Revenue/Total Assets = 0.008

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: PRIME MEDIA HOLDINGS INC.

Date: November 18, 2016

By:

Signature: 

ROLANDO S. SANTOS
Title: Treasurer

Signature: 

LESTER LAURENCE S. BAGUEC
Title: Accountant

PRIME MEDIA HOLDINGS INC.

SEC FORM 17-Q

INDEX TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

INTERIM FINANCIAL STATEMENTS

Interim Statements of Financial Position as at September 30, 2016 and December 31, 2015

Interim Statements of Comprehensive Income for the nine-month and three-month period ended September 30, 2016 and 2015

Interim Statements of Changes in Equity for the nine-month and three-month period ended September 30, 2016 and 2015

Interim Statements of Cash Flows for the nine-month and three-month period ended September 30, 2016 and 2015

Notes to Financial Statements

PRIME MEDIA HOLDINGS, INC.
INTERIM STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2016
(With Comparative Audited Figures as at December 31, 2015)

	Note	2016	2015
ASSETS			
Current Assets			
Cash	6	₱3,056,486	₱73,225,018
Loans and receivables	7	4,361,266	4,384,867
Other current assets		46,356,645	829,979
Total Current Assets		53,774,397	78,439,864
Noncurrent Asset			
Investment properties	9	38,020,000	38,020,000
10	9	250,000	250,000
Property and equipment	11	58,630	74,360
Total Noncurrent Asset		38,328,630	38,344,360
TOTAL ASSETS		₱92,103,027	₱116,784,224
LIABILITIES AND CAPITAL DEFICIENCY			
Current Liabilities			
Accrued expenses and other current liabilities	12	₱192,247,540	₱195,989,085
Equity			
Capital stock	113	714,664,876	747,489,906
Additional paid-in capital		2,114,921,869	2,082,096,839
Deficit		(2,929,781,258)	(2,908,841,606)
Net unrealized loss on AFS investment	10	50,000	50,000
Total Equity		(100,144,513)	(79,204,861)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		₱92,103,027	₱116,784,224

See accompanying Notes to Financial Statements.

PRIME MEDIA HOLDINGS, INC.

INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

	Note	2016	2015
INCOME	16	₱545,869	₱1,892,428
EXPENSES	14	21,485,520	7,514,785
LOSS BEFORE INCOME TAX		(20,939,651)	(5,622,357)
INCOME TAX EXPENSE		-	-
NET LOSS		(20,939,651)	(5,622,357)
OTHER COMPREHENSIVE LOSS		-	-
TOTAL COMPREHENSIVE LOSS		(₱20,939,651)	(₱5,622,357)
Basic and diluted loss per share	20	(0.03)	(0.008)

See accompanying Notes to Financial Statements.

PRIME MEDIA HOLDINGS, INC.

INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

	Note	2016	2015
INCOME	16	₱2,024	₱842,609
EXPENSES	14	7,205,230	3,726,335
LOSS BEFORE INCOME TAX		(7,203,206)	(2,883,726)
INCOME TAX EXPENSE		-	-
NET LOSS		(7,203,206)	(2,883,726)
OTHER COMPREHENSIVE LOSS		-	-
TOTAL COMPREHENSIVE LOSS		(₱7,203,206)	(₱2,883,726)
Basic and diluted loss per share	20	(0.01)	(0.004)

See accompanying Notes to Financial Statements.

PRIME MEDIA HOLDINGS, INC.
INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

	Note	2016	2015
CAPITAL STOCK	12		
Common stock - ₱1 par value			
Authorized - 3,000,000,000 shares			
Issued and outstanding – 700,298,616 shares			
Balance at beginning of year		₱698,930,906	₱698,930,906
Conversion of deposits for stock subscription		-	-
Cash issuance		-	-
Conversion of preferred to common		1,367,710	-
Balance at September 30		700,298,616	698,930,906
Preferred stock - ₱1 par value			
Authorized - 2,000,000,000 shares			
Issued and outstanding – 14,366,260 shares			
Balance at beginning of year		48,559,000	48,559,000
Conversion of preferred to common		(34,192,740)	-
Balance at September 30		14,366,260	48,559,000
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of year		2,082,096,839	2,082,096,839
Conversion of deposits for stock subscription		-	-
Cash issuance		-	-
Conversion of preferred to common		32,825,030	-
Balance at September 30		2,114,921,869	2,082,096,839
DEFICIT			
Balance at beginning of year		(2,908,841,607)	(2,878,142,995)
Net loss		(20,939,651)	(5,622,357)
Balance at September 30		(2,929,781,258)	(2,883,765,352)
UNREALIZED LOSS ON AFS INVESTMENT	9		
Balance at beginning of year		50,000	(50,000)
Unrealized loss on changes in fair value of AFS investment		-	-
Balance at September 30		50,000	(50,000)
		(₱100,144,513)	(₱54,228,607)

See accompanying Notes to Financial Statements

PRIME MEDIA HOLDINGS, INC.
INTERIM STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

	Note	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax		(₱20,939,651)	(₱5,622,358)
Adjustments for:			
Interest income	6	(39,635)	(161,417)
Depreciation expense	10	15,730	5,720
Operating loss before working capital changes		(20,963,556)	(5,778,055)
Decrease (increase) in:			
Loans and receivables		23,601	298,854
Other current assets		(45,526,666)	(68,921)
Increase (decrease) in:			
Accrued expenses and other current liabilities		(3,741,545)	(10,305,218)
Net cash used in operations		(70,208,166)	(15,853,340)
Income tax paid			-
Interest received		39,635	161,417
Net cash flows used in operating activities		(70,168,531)	(15,691,923)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Computer Equipment	10	-	(85,800)
NET INCREASE (DECREASE) IN CASH		(70,168,531)	(15,777,723)
CASH AT BEGINNING OF YEAR		73,225,018	110,053,913
CASH AT END OF YEAR		₱3,056,487	₱94,276,190

See accompanying Notes to Financial Statements.

PRIME MEDIA HOLDINGS, INC.
INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

	Note	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax		(P7,164,233)	(P2,884,727)
Adjustments for:			
Interest income	6	(2,024)	(53,256)
Depreciation expense	10	7,150	2,860
Operating loss before working capital changes		(7,159,107)	(2,935,123)
Decrease (increase) in:			
Loans and receivables		25,500	-
Other current assets		6,013,725	(10,751)
Increase (decrease) in:			
Accrued expenses and other current liabilities		(270,974)	(10,097,613)
Net cash used in operations		(1,390,856)	(13,043,487)
Income tax paid		-	-
Interest received		2,024	53,256
Net cash flows used in operating activities		(1,388,832)	(12,990,231)
NET INCREASE (DECREASE) IN CASH		(1,388,832)	(12,990,231)
CASH AT BEGINNING OF YEAR		4,445,318	107,266,421
CASH AT END OF YEAR		P3,056,487	P94,276,190

See accompanying Notes to Financial Statements.

PRIME MEDIA HOLDINGS, INC.
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Prime Media Holdings, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 6, 1963 as Private Development Corporation of the Philippines and then changed to PDCP Development Bank, Inc. that same year. On July 9, 1964, the Philippine Stock Exchange (PSE) approved the public listing of the Company's shares of stock and on June 6, 2000, the Company changed its name to First e-Bank Corporation. On September 12, 2002, Company assets and liabilities arising from its development bank operations were transferred and assumed by Banco de Oro Unibank, Inc. (BDO) and Philippine Deposit and Insurance Corporation (PDIC) under a Memorandum of Agreement (MOA).

The SEC approved on October 1, 2003 the amendment of the Company's articles of incorporation, changing its primary purpose from a development bank to a holding company, to hold investments in the media industry. The Company eventually shifted to its current name on October 20, 2003. In view of the very minimal operations, the Company gradually retired all its employees by 2010 and engaged consultants/service providers to service its requirements.

On January 26, 2013, the Board of Directors (BOD) approved the amendment in its articles of incorporation (AOI) extending the corporate life of PMHI by another 50 years up to February 6, 2063. The Stockholders of the Company approved and ratified the amendment in a special stockholders' meeting on February 4, 2013. On February 5, 2013, the Company filed the amended AOI with the Securities and Exchange Commission (SEC) and SEC approval was obtained last March 4, 2013 extending the Company's corporate life for another 50 years.

On April 6, 2013, the BOD approved the conversion of advances from Neo Oracle Holdings, Inc. (NOHI) and Metro Tagaytay Land Company Inc. (MTLCI) aggregating ₱600.5 million, into 240,184,770 common shares at ₱2.50 a share (see note 12). In the same year, NOHI and MTLCI subscribed for additional ₱179 million or 71,600,000 common shares at ₱2.50 a share. The Company received the minimum subscription price amounting to ₱70.0 million in 2013. The applications for the listing of the underlying shares were filed with the SEC and PSE on May 23, 2013 and August 28, 2013, respectively.

On January 14, 2014, the SEC approved the valuation for the Company's debt to equity conversion and On April 4, 2014, RYM Business Management Corporation (RYM) acquired 298,949,216 common shares owned by NOHI. The major shareholders of the Company as at December 31, 2015 and 2014 are as follows: RYM (43%), MTLCI (31%) and NOHI (13%).

Notably, in December 2015, RYM Business Management Corporation has informed PMHI (The Corporation) that it has acquired 93,685,410 and 218,099,360 common shares owned by Neo Oracle Holdings, Inc. and Metro Tagaytay Land Company Inc., respectively, in the Corporation or a total of Three Hundred Eleven Million Seven Hundred Eighty Four Thousand Seventy (311,784,770) common shares equivalent to 44.6% during the foreclosure sales evidenced by the Certificate of Sale dated 18 December 2015 and 18 December 2015, respectively, being the creditor and highest bidder for the aforementioned shares at the bid price of ₱74,544,642.00 and ₱57,051,743.40, respectively, or a total price of ₱131,596,385.47. Thus, RYM is now the owner of 87% of the Company

As at December 31, 2016 and 2015, the Company still has amounts due to BDO and PDIC representing unremitted collection of receivables and sale of foreclosed properties for the account of PDIC (see Note 11).

On March 2, 2015, the SEC approved the change of principal office address from 3 San Antonio Street, Barrio Kapitolyo, Pasig City to 16th Floor Citibank Tower, 8741 Paseo de Roxas, Makati City.

Status of Operations

The Company has a capital deficiency of ₱100.18 million and ₱79.2 million as at September 30, 2016 and December 31, 2015, respectively. In April 2016, 34.19 million shares were converted to 1.37 million common shares at a rate of 25:1, which resulted to a decreased in preferred stock by ₱34.19 million and increase in common stock by ₱1.37 million and increase in additional paid capital in excess of par by ₱32.82 million.

The Company is currently transferring the assets identified in the 2002 MOA to PDIC. Upon completion of the transfer, the company intends to do the following activities to reverse the deficit:

1. Reverse any excess in the provision for probable losses included in the liabilities arising from MOA amounting to ₱172.0 million to income.
2. Revaluation of investment assets and recognizing the revaluation increments in retained earnings.
3. Quasi-reorganization to eliminate the accumulated deficits in the retained earnings account.
4. Continue to seek potential investments to raise additional capital.

2. Basis of Preparation and Statement of Compliance

The financial statements of the Company have been prepared on a historical cost basis, except for Available for Sale (AFS) investment which is carried at fair value. The financial statements are presented in Philippine Peso, which is the Company's functional currency. All values are in absolute amounts unless otherwise indicated.

The financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS). PFRS includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC, including SEC pronouncements.

3. Summary of Changes in PFRS

Adoption of New and Revised PFRS

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

- Amendment to PAS 24, *Related Party Disclosures - Key Management Personnel* - The amendment clarifies how payments to entities providing key management personnel services are to be disclosed.

- Amendment to PFRS 13, *Fair Value Measurement - Short-term Receivables and Payables and Portfolio Exception* - The amendment clarifies that the portfolio exception in PFRS 13 - allowing an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis - applies to all contracts (including non-financial) within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* or PFRS 9, *Financial Instruments*.

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

New and Revised PFRS Not Yet Adopted

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

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

- Amendments to PAS 1, *Presentation of Financial Statements* - The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.
- Amendments to PAS 16, *Property, Plant and Equipment – Clarification of Acceptable Methods of Depreciation*, and PAS 38, *Intangible Assets – Clarification of Acceptable Methods of Amortization* – The amendments add guidance and clarify that (i) the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, and (ii) revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset; however, this presumption can be rebutted in certain limited circumstances.
- Amendment to PFRS 7, *Financial Instruments: Disclosures* - The amendment adds guidance to clarify whether a servicing contract is continuing involvement in a transferred asset.

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

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

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

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

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

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

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

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

4. Summary of Significant Accounting and Financial Reporting Policies

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Fair Value Measurement

The Company uses market observable data to a possible extent when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active market for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

Financial Instruments

a. Recognition

Financial instruments are recognized in the statement of financial position when the Company becomes a party to the contractual provision of the instruments. Financial instruments are initially recognized at fair value. In the case of regular way purchase or sale of financial asset, recognition and derecognition, as applicable, is done using settlement date

accounting. The initial measurement of the financial instruments, except for those classified at fair value through profit or loss (FVPL), includes transaction costs.

b. Classification

The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) held-to-maturity (HTM) investments, (c) loans and receivables and (d) AFS investments. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities at amortized cost. The classification depends on the purpose for which the financial instruments were acquired or incurred and whether or not the instruments are quoted in an active market.

As at September 30, 2016 and December 31, 2015, the Company does not have financial assets and liabilities at FVPL and HTM investments.

Loans and Receivables. Loans and receivables are financial assets with fixed or determinable payments and fixed maturities and that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not classified or designated as AFS investment or financial asset at FVPL. Loans and receivables are included in current assets if maturity is within twelve months from reporting date. Otherwise, these are classified as noncurrent assets.

Subsequent to initial measurement, loans and receivables are measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and any transaction cost which are directly attributable in the acquisition of the financial instrument. The amortization is included in profit or loss.

This category includes cash and receivables (excluding advances to officers, employees and service providers).

AFS Investment. AFS investment are nonderivative financial assets that are either designated in this category or not classified in any of the other categories. These are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS investment is subsequently measured at fair value. Changes in fair value are recognized as other comprehensive income and the accumulated balance is included in "Net unrealized gain (loss) on AFS investment" within equity. These changes in fair value are recognized in equity until the investment is sold, collected, or otherwise disposed of or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is reclassified to profit or loss.

The Company classified its proprietary membership shares as an AFS investment as at September 30, 2016 and December 31, 2015.

Other Financial Liabilities at Amortized Cost. Financial liabilities are classified in this category if these are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or through borrowing.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any related issue costs, discount or premium. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as when there is amortization

process.

As at September 30, 2016 and December 31, 2015, this category includes accrued expenses and other current liabilities (excluding statutory payables) and due to related parties.

c. Derecognition

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized by the Company when:

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

Where the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset, if any, is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of the new liability, and the difference in the respective carrying amount is recognized in profit or loss.

d. Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements where the related assets and liabilities are presented gross in the statements of financial position.

e. Impairment of Financial Assets

Loans and Receivables. The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably

estimated.

The carrying amount of the impaired account is reduced to the extent that it exceeds the asset's net realizable value. Impairment losses are recognized in full in profit or loss. If in a subsequent period, the amount of accumulated impairment losses has decreased because of an event occurring after impairment was recognized, the decline is allowed to be reversed to profit or loss to the extent that the resulting carrying value will not exceed the amortized cost determined had no impairment been recognized.

AFS Investment. For equity investments classified as AFS financial assets, impairment would include a significant or prolonged decline in the fair value of the investments below their cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity and recognized in profit or loss. Impairment losses on equity investments are not reversed through income. Increases in fair value after impairment are recognized directly in the other comprehensive income and presented in the statements of changes in equity.

Other Current Assets

Other current assets, which includes prepayments, are expenses paid in advance and recorded as asset before they are utilized.

Prepayments that are expected to be realized for no more than twelve months after the reporting date are classified as other current assets. Otherwise, these are classified as other noncurrent assets.

CWTs are amounts withheld from income subject to expanded withholding taxes. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

Investment Properties

Investment property consists of land and is measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment property is carried at cost less impairment loss, if any.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the cost of property for subsequent accounting is the carrying amount at the date of change in use. If an owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of investment properties are recognized in profit or loss in the period of retirement or disposal.

Computer Equipment

Computer equipment are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of computer equipment comprises its purchase price, including import duties, non-refundable purchase taxes after deducting trade discounts and rebates and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

Expenditures incurred after the computer equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally charged to operations in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of computer equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of computer equipment. The cost of replacing a component of an item of computer equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

When parts of an item of computer equipment have different useful lives, they are accounted for as separate items (major components) of computer equipment.

Depreciation is calculated on a straight-line basis over the following estimated useful lives of the computer equipment of 5 years.

The estimated useful lives and method for depreciation are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from computer equipment.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are removed from the accounts. Any resulting gain or loss is credited to or charged against current operations.

Impairment of Investment Properties and Computer Equipment

The Company assesses at each reporting date whether there is an indication that investment properties and computer equipment may be impaired when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and if the carrying amount exceeds the estimated recoverable amount, investment properties and computer equipment are written down to its recoverable amount, which is the greater of fair value less cost to sell and value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Capital Stock and Additional Paid-in Capital

Capital stock is measured at par value for all shares issued. The excess of proceeds from issuance of shares over the par value is credited to additional paid-in capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from proceeds.

Deficit

Deficit represents the cumulative balance of operating results, less any dividends declared.

Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is recognized as follows:

Rental income. Rental income is recognized using the straight-line method over the term of the lease.

Interest income. Interest income is recognized in profit or loss as it accrues, taking into account the effective yield on the asset.

Other Income. Income from other sources is recognized when earned.

Expense Recognition

Expenses constitute cost of administering the business. These costs are expensed upon receipt of goods, utilization of services, or when the expense is incurred.

Leases

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

- a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
- b. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
- c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or
- d. there is a substantial change to the asset.

Where reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Operating Lease - Company as a Lessee. Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating lease. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Operating Lease - Company as a Lessor. Leases where the Company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased

asset and recognized on a straight line basis over the lease term on the same basis as rental income.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate used to compute the amount is the one that has been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced 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 asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate that has been enacted or substantively enacted at the reporting date.

Deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items directly recognized in equity as other comprehensive income.

Deferred tax assets and 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.

Earnings (Loss) Per Share (EPS)

Basic EPS is computed by dividing net income (loss) for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year, with retroactive adjustments for any stock dividends declared and stock split.

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Where the EPS effect of potential dilutive ordinary shares would be anti-dilutive, basic and diluted EPS are stated at the same amount.

Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to

the transactions with any of the Company's other components.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

Events after the Reporting Period

Post year-end events that provide additional information about the Company's financial position at the end of reporting period (adjusting events) are reflected in the financial statements when material. Post year-end events that are non-adjusting are disclosed in the notes to financial statements when material.

5. Significant Judgments, Accounting Estimates and Assumptions

PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements. The judgments and estimates used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments

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

Classification of Financial Instruments. The Company classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

The Company classified its proprietary membership shares as an AFS investment (see Note 9).

Operating Lease Commitments

Company as a Lessor. Management exercises judgment in determining whether substantially all the significant risks and benefits of ownership of the assets held for lease are retained by the Company. Lease contracts which the Company retains substantially all the risks and benefits incidental to ownership of the leased item are accounted for as operating leases. Otherwise, these are considered as finance leases.

The Company, as a lessor, has entered into property leases where it has determined that it retains all the significant risks and benefits of ownership of those properties. As such, the lease agreements are accounted for as operating leases.

Rent income amounted to ₱1.15 million in September 30, 2015 and none for the third quarter of 2016. (see Note 13).

Company as a Lessee. The Company, as a lessee, has an operating lease agreement for its office space. The Company has determined that the risks and benefits of ownership related to the leased properties are retained by the lessor. Accordingly, the lease is accounted for as an operating lease.

Rent expense amounted to ₱0.32 million and ₱0.12 million in September 30, 2016 and September 30, 2015, respectively.

Determination of Operating Segments. The Company determines and presents operating segments based on the information that is internally provided to the BOD. As at September 30, 2016 and December 31, 2015, being a holding company, the Company has not determined an operating segment.

Estimations

The key estimates concerning the future and other key sources of estimation uncertainty at the reporting date, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Estimating Allowance for Impairment Losses on Receivables. The Company maintains allowance for receivable impairment at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Company's relationship with the debtor, the debtor's payment behaviour and known market factors. The Company identifies and provides for specific accounts that are doubtful of collection and reviews the age and status of the remaining receivables and establishes a provision considering, among others, historical collection and write-off experience.

No impairment loss of receivables was recognized in 2016 and 2015. Allowance for impairment loss amounted ₱60.3 million as at September 30, 2016 and December 31, 2015 (see Note 7).

The carrying amount of receivables amounted to ₱4.36 million as at September 30, 2016 and ₱4.38 million December 31, 2015, (see Note 7).

Assessing Impairment Losses on Investments Properties and Computer Equipment. The Company assesses impairment on investment properties and computer equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be

recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; or
- significant negative industry or economic trends.

No impairment loss was recognized in 2016 and 2015. The carrying amounts of the investment properties and computer equipment are as follows:

	Note	2016	2015
Investment properties	8	₱38,020,000	₱38,020,000
Computer equipment	10	58,630	74,360

Assessing Impairment of AFS Investment. The impairment losses of AFS investment comprise the difference between their cost and their current fair value. The Company treats AFS investment as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment. The Company treats “significant” generally as 20% or more and “prolonged” as greater than 12 months for quoted equity securities. In addition, the Company evaluates other factors, including normal volatility in share price for quoted instruments and the future cash flows and the discount factors for unquoted instruments.

No impairment loss was recognized in September 30, 2016 and 2015. The carrying value of AFS investment amounted to ₱0.25 million as at September 30, 2016 and December 31, 2015, (see Note 9).

Assessing Realizability of Deferred Tax Assets. The Company reviews its deferred tax asset at each reporting date 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 asset to be utilized.

No deferred tax assets were recognized on certain deductible temporary differences and carry forward benefits of NOLCO and MCIT amounting to ₱34.16 million and ₱27.85 million as at December 31, 2016 and 2015, respectively. Management believes that it may not be probable that future taxable profit will be available in the near future against which the deferred tax assets can be utilized.

6. Cash

This account consists of:

	2016	2015
Cash on hand	₱5,277	₱5,277
Cash in banks	3,051,209	73,219,741
	₱3,056,486	₱73,225,018

Cash in banks earn interest at the respective bank deposit rates. Interest income from cash in banks amounted to ₱0.04 million and ₱0.16 million in September 30, 2016 and 2015, respectively.

7. Receivables

This account consists of:

	Note	2016	2015
Loans receivable		₱62,277,740	₱62,277,740
Advances to officers, employees and service providers		2,123,334	2,122,935
Rent receivable	13	237,932	261,932
		64,639,006	64,662,607
Less allowance for impairment losses		60,277,740	60,277,740
		₱4,361,266	₱4,384,867

Loans receivable are related to the Company's previous bank operations. The unimpaired balance of loans receivable amounting to ₱2.0 million is left under an escrow fund as at September 30, 2016 and December 31, 2015.

Advances to officers, employees and service providers represent unliquidated, noninterest-bearing advances for processing of the transfer of title of properties to PDIC and BDO. These are liquidated upon the accomplishment of the purposes for which the advances were granted.

AGING OF RECEIVABLES

(Amounts in thousands pesos)

September 30, 2016 (Unaudited)						
Type	Current	0 - 30 days	31 - 60 days	61 - 90 days	Over 120 days	Balance
Loans Receivable	-	-	-	-	62,278	62,278
Accounts Receivable	2,361	-	-	-	-	2,361
Other Current Assets	40,693	-	-	-	-	40,693
TOTAL	43,054	-	-	-	62,278	105,332
Allowance for impairment/loss						
Loans Receivables	-	-	-	-	60,278	60,278
Accounts Receivable	-	-	-	-	-	-
TOTAL	-	-	-	-	60,278	60,278
NET RECEIVABLES	43,054	-	-	-	2,000	45,054

December 31, 2015 (Audited)						
Type of Accounts Receivable	Current	0 - 30 days	31 - 60 days	61 - 90 days	Over 120 days	Balance
Loans Receivable	-	-	-	-	62,278	62,278
Accounts Receivable	2,385	-	-	-	-	2,385
Other Current Assets	830	-	-	-	-	830
TOTAL	3,215	-	-	-	-	65,493
Allowance for impairment/loss						
Loans Receivables	-	-	-	-	60,278	60,278
Accounts Receivable	-	-	-	-	-	-
TOTAL					60,278	60,278
NET RECEIVABLES	3,215	-	-	-	2,000	5,215

8. Other Current Assets

This account consist of:

	2016	2015
Advances to affiliates	₱40,000,000	₱-
Prepaid Management fees	5,773,196	-
Interest Receivable	447,176	693,202
Prepaid Taxes	73,352	67,856
Creditable Withholding tax	60,921	60,921
Security deposits	2,000	8,000
Total	₱46,356,645	₱829,979

9. Investment Properties

This account represents parcels of commercial land located in Legazpi City, Albay which are held for capital appreciation and are carried at cost amounting to ₱38.0 million as at September 30, 2016 and December 31, 2015.

The fair value of the land amounted to ₱66.2 million as at September 30, 2016 and December 31, 2015. The fair value was determined based on valuation performed by independent and professionally qualified appraisers dated March 20, 2015.

The appraised value of the investment properties were arrived using the Market Data Approach. In this approach, the value of the land was based on sales and listings of comparable property registered within the vicinity. This requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. This was done

by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the vicinity of the subject property. The comparison was premised on the factors of location, size, and shape of the lot, time element and others.

10. AFS Investment

Movements of this account follow:

	September 30, 2016	2015
Cost	₱200,000	₱200,000
Unrealized gain (loss) on fair value changes		
Balance at beginning of year	(50,000)	(50,000)
Change in fair value	100,000	100,000
Balance at the end of year	50,000	50,000
	₱250,000	₱250,000

11. Computer Equipment

Movements of this account as follows:

	September 30, 2016	2015
Cost		
Balance at beginning of year	₱85,800	₱—
Additions	—	85,800
Balance at end of year	85,800	85,800
Accumulated Depreciation		
Balance at beginning of year	₱11,440	₱—
Depreciation	15,730	11,440
Balance at end of year	27,170	11,440
Net carrying amount	₱58,630	₱74,360

12. Accrued Expenses and Other Current Liabilities

This account consists of:

	September 30, 2016	2015
Liabilities arising from the MOA	₱171,959,972	₱171,959,972
Dividends payable	10,985,443	10,985,443
Rental deposits	5,972,642	5,972,642
Accrued expenses	1,663,298	1,663,298
Others	1,951,185	5,407,730
	₱192,532,540	₱195,989,085

Liabilities arising from the MOA pertain to estimated transfer taxes and registration fees related to the transfer of assets to BDO/PDIC and other related liabilities, primarily from unremitted collection of assigned receivables and sale of foreclosed properties for the account of PDIC (see Note 1). This account includes provision for probable losses to cover estimated losses from claims. As allowed under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, certain information is not disclosed until final settlement as it might prejudice the Company's position on the matter.

Dividends payable pertains to the Company's dividend for cumulative, nonparticipating, nonvoting, redeemable and convertible preferred shares that were declared prior to the Company's incurrence of deficit.

Rental deposits represent long-outstanding rental deposits that have not been claimed by the Company's previous tenants.

Accrued expenses pertain to accrual of outside services, professional fees and association dues, among others.

In 2013, the Company reversed ₱10.5 million pertaining to long outstanding accruals for rental, rental deposits and excess liability over actual amounts settled for the liabilities arising from MOA.

13. Equity

Capital Stock

The movement in capital stock are as follows:

	September 30, 2016		December 31, 2015	
	Number of Stocks	Amount	Number of Stocks	Amount
Common stock - ₱1 par value				
Authorized	3,000,000,000	₱3,000,000,000	3,000,000,000	₱3,000,000,000
subscribed	698,930,906	698,930,906	698,930,906	698,930,906
Conversion of preferred to common	1,367,710	1,367,710		
Total	700,298,616	₱700,298,616	698,930,906	₱698,930,906
Preferred stock - ₱1 par value				
Authorized	2,000,000,000	₱2,000,000,000	2,000,000,000	₱2,000,000,000
Issued and outstanding:				
Subscribed	48,559,000	48,559,000	48,559,000	48,559,000
Conversion of preferred to common	(34,192,740)	(34,192,740)		
Balance	14,366,260	₱14,366,260	48,559,000	₱48,559,000

In April 2016 34.19 million shares were converted to 1.37 million common shares at a rate of 25:1, which resulted to a decreased in preferred stock by ₱34.19 million and increase in common stock by ₱1.37 million and increased in additional paid capital in excess of par by ₱32.82 million.

The Company has 1,608 and 1,886 stockholders as at September 30, 2016 and December 31, 2015, respectively.

The preferred stocks have the following salient features:

- Cumulative, nonparticipating, nonvoting, redeemable and convertible at the option of the Company.
- Cash dividend rate initially at 4.50% per annum based on par value, which shall be automatically adjusted to 9.00% per annum upon full payment of the subscription price.

- c. The Company may, at any time at its option, wholly or partially redeem the outstanding preferred shares plus accrued dividends thereon. When such call for redemption is made, the holders of the preferred shares may opt to convert the preferred shares to common shares. The minimum amount of redemption shall be equivalent to ₱100.0 million and redemption in excess of the minimum shall likewise be in multiples of ₱100.0 million. All redemptions shall be applied in proportion to the outstanding preferred shares.

On October 10, 2001, the BOD approved an option to stockholders of preferred shares of extending the maturity of shares for another five years for a 2% additional dividend on the 9% regular dividend.

Debt Equity Conversion and Additional Subscription

On April 6, 2013, the BOD approved the conversion of advances from NOHI and MTLCI aggregating ₱600.5 million, into 240,184,770 common shares at ₱2.50 a share. On January 14, 2014, the SEC approved the valuation for the Company's debt to equity conversion.

On the same date, NOHI and MTLCI subscribed to additional ₱179.0 million or 71,600,000 common shares at ₱2.50 a share. The Company received the minimum subscription price amounting to ₱70.0 million which was used by the Company to pay its loan with BDO.

14. General and Administrative Expenses

This account consist of :

EXPENSES	September 30,			
	Nine months		Three months	
	2016	2015	2016	2015
Management and professional fees	₱19,321,417	₱1,957,077	₱6,342,579	₱1,294,809
Outside services	771,535	2,051,041	110,136	709,935
Association dues	213,327	171,363	163,279	124,464
Rent expense 13	316,695	116,193	14,941	22,400
Taxes and licenses	291,069	1,639,973	98,468	1,102,248
Penalties & losses	–	1,173,224	–	274,000
Salaries, wages & allowances	130,998	252,081	119,707	131,647
Depreciation expense 10	15,730	5,720	7,150	2,860
Others	424,749	148,113	348,970	63,972
TOTAL	₱21,485,520	₱7,514,785	₱7,205,230	₱3,726,335

15. Leases

- a. The Company leases a certain property for a period of 20 years that expired on August 31, 2015. The Company subleased the said property which commenced on January 16, 2003 and consequently ended on August 31, 2015. The lease agreement with BDO is subject to an annual escalation rate of 5%. Rent receivable amounted to ₱0.3 million and ₱0.2 million as at December 31, 2015 and June 30, 2016, respectively. Rental income amounted to ₱1.14 million in September 30, 2015 and nil in September 30, 2016.
- b. On April 1, 2015, the Company entered into a cancellable lease agreement with Bright Kindle Resources & Investments, Inc. (BKR) for its office space. Rentals charged to

expense amounted to ₱0.60 million and ₱0.12 million in September 30, 2016 and 2015 respectively. (see Note 15).

16. Income

This account consist of :

	September 30,			
	Nine months		Three months	
INCOME:	2016	2015	2016	2015
Rental Income	₱—	₱1,147,730	₱—	₱287,015
Interest Income	42,685	161,417	2,024	53,256
Recovery of asset previously written off	503,184	583,281	—	502,338
	₱545,869	₱1,892,428	₱2,024	₱842,609

17. Income Tax

The provision for current income tax represents MCIT in 2016 and 2015.

The Company did not recognize deferred tax assets on the following temporary differences since the management believes that there will be no sufficient future taxable income will be available to allow utilization of the following tax benefits:

	2016	2015
Allowance for impairment loss	₱18,083,322	₱18,083,322
NOLCO	15,950,869	9,657,282
MCIT	130,284	114,446
	₱34,164,475	₱27,855,050

As at December 31, 2015, unused NOLCO that can be claimed as deduction from future taxable income are as follows:

Year Incurred	Expiry Date	Amount	Applied	Expired	Balance
		₱20,978,625	₱—	₱—	₱20,978,625
2015	2018	30,871,364	—	—	30,871,364
2014	2017	1,319,575	—	—	1,319,575
		₱53,169,564	₱—	₱—	₱53,169,564

As at December 31, 2015, unused MCIT that can be claimed as deduction from future taxable liability are as follows:

Year Incurred	Expiry Date	Amount	Applied	Expired	Balance
2016	2019	₱15,838	₱—	₱—	₱15,838
2015	2018	36,060	—	—	36,060
2014	2017	78,386	—	—	78,386
		₱130,284	₱—	₱—	₱130,284

The reconciliation between the income tax expense at statutory tax rate and effective income tax

rate follows:

	2015	2014	2013
Income tax computed at statutory tax rate	(P9,198,765)	(P356,009)	P2,561,969
Movement in unrecognized deferred tax assets	9,297,469	474,258	(2,447,785)
Tax effects on:			
Interest income already subjected to final tax	(62,644)	(39,863)	(14,942)
Nondeductible expenses	—	—	28,173
	P36,060	P78,386	P127,415

18. Related Party Transactions

The Company, in the regular conduct of business, has entered into transactions with related parties at normal price and terms. Outstanding balances and transaction with related parties are as follows:

	Nature of Transaction	Amount of Transaction		Outstanding Balance	
		September 30, 2016	Dec. 2015	September 30, 2016	Dec. 2015
Accrued expense:					
Under common management - BKR	Rent	₱570,000	₱898,953	₱570,000	₱898,953
Due to related party :					
RYM	Advances for working capital Management fee	₱-	₱199,466	₱-	₱22,475
		₱23,092,783	₱23,103,984	₱-	₱-
Advances to related party :					
RYM	Advances	₱40,000,000	₱-	₱40,000,000	₱-

Outstanding balances are unsecured, noninterest-bearing, and payable on demand.

On December 22, 2015, the Company entered into a management agreement with RYM to oversee and supervise the Company's business matters until December 31, 2017.

19. Commitments and Contingencies

- In the normal course of the Company's prior operations, there are outstanding commitments, pending litigations and contingent liabilities such as commitments to extend credit, pending

litigations and others which are not reflected in the financial statements. The Company does not anticipate significant losses as a result of these transactions.

- b. Under a MOA dated September 12, 2002 between the Company and BDO, the Company transferred its assets and liabilities from its development operations. The Company agreed to hold BDO free from any contingent claims, labor and minority issues and concerns arising from related assets and liabilities still managed by the Company until these are assumed by BDO. Further, the Company agreed to indemnify BDO against losses, claims and damages BDO may suffer in the event such contingent claims, labor and minority issues affect BDO's rights under the MOA and the Deed of Assignment until the maturity of the deposits assumed by BDO.
- c. The Company is a defendant in legal actions arising from normal business activities. Management believes that these actions are without merit or that the ultimate liability, if any, resulting from these will not materially affect the Company's financial position and results of operations.

20. Earnings (Loss) Per Share

The basic and diluted earnings per share were computed as follows:

	Six Months Ended		Three Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Net loss	(20,979)	(5,622)	(7,203)	(2,884)
Divided by weighted average number of common shares	700,298	698,931	700,298	698,931
loss per share – basic/diluted	(0.03)	(0.008)	(0.01)	(0.004)

21. Financial Risk Management, Objectives and Policies

The Company's principal financial instruments comprise of cash, loans and receivables, AFS investment, accrued expenses and other current liabilities and due to related parties.

The main risks arising from the financial instruments of the Company are credit risk, market risk, and liquidity risk. The BOD reviews and approves policies for managing the risks.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Company's exposure to credit risk arises primarily from cash in banks, receivables (excluding advances to officers, employees and service providers) and AFS investment.

Exposure to Credit Risk. The carrying amount of the financial assets represent the Company's maximum exposure to credit risk in relation to financial assets.

Credit Risk Concentration Profile. The credit risk of the Company is concentrated in its loans receivables.

The aging analyses of financial assets as at September 30, 2016 and December 31, 2015 are as follows:

September 30, 2016

	Neither Past Due Nor Impaired	Past Due But Not Impaired		Past Due and Impaired	Total
		Less Than 30 Days	31-60 Days		
Cash in banks	₱3,056,486	₱—	₱—	₱—	₱3,056,486
Receivables*	2,361,266	—	—	60,277,740	62,639,006
AFS investment	250,000	—	—	—	250,000
	₱5,667,752	₱—	₱—	₱60,277,740	₱65,945,492

**Excluding advances to officers, employees and service providers.*

December 31, 2015					
	Neither Past Due Nor Impaired	Past Due But Not Impaired		Past Due and Impaired	Total
		Less Than 30 Days	31-60 Days		
Cash in banks	₱73,219,741	₱—	₱—	₱—	₱73,219,741
Receivables*	2,261,932	—	—	60,277,740	62,539,672
AFS investment	250,000	—	—	—	250,000
	₱75,731,673	₱—	₱—	₱60,277,740	₱136,009,413

**Excluding advances to officers, employees and service providers.*

Cash in banks are entered into with reputable financial institutions duly approved by the BOD.

Credit Quality. The credit quality of the Company's financial assets that are neither past due nor impaired are considered to be of high grade and expected to be collectible without incurring any credit losses.

High grade financial assets are those financial assets from counterparties with good financial condition and with relatively low defaults.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to settle or meet its financial obligations when they fall due. The Company aims to maintain flexibility by maintaining sufficient cash to meet all foreseeable cash needs.

The tables below summarize the maturity profile of the Company's financial liabilities as at September 30, 2016 and December 31, 2015 based on contractual undiscounted cash flows:

	September 30, 2016			
	On demand	Less than One year	More than One year	Past Due and Impaired
Accrued expenses and other current liabilities*	₱192,532,540	₱—	₱—	₱192,532,540
Due to related parties	—	—	—	—
	₱192,532,540	₱—	₱—	₱192,532,540

**Excluding statutory payables.*

	December 31, 2015			
	On demand	Less than One year	More than One year	Past Due and Impaired
Accrued expenses and other current liabilities*	P192,837,989	P—	P—	P192,837,989
Due to related parties	22,475	—	—	22,475
	P192,860,464	P—	P—	P192,860,464

*Excluding statutory payables.

Fair Values

The table below presents a comparison by category of carrying amount and fair value of all of the Company's financial assets and liabilities as at June 30, 2016 and December 31, 2015 :

	September 30, 2016		December 31, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash in banks	P3,056,486	P3,056,486	P73,219,741	P73,219,741
Receivables*	2,361,266	2,361,266	2,261,932	2,261,932
AFS Investment	250,000	250,000	250,000	250,000
	P5,667,752	P5,667,752	P75,731,673	P75,731,673
Financial Liabilities				
Accrued expenses and other current liabilities**	P192,532,540	P192,532,540	P192,837,989	P192,837,989
Due to related parties			22,475	22,475
	P192,532,540	P192,532,540	P192,860,464	P192,860,464

*Excluding advances to officers, employees and service providers.

**Excluding statutory payables.

Current Financial Assets and Liabilities. The carrying amounts of cash in banks, receivables, accounts payable and accrued expenses and due to parent company approximate their fair values due to the short-term nature of the transactions. The fair value measurement of current financial assets and liabilities is classified as Level 3 (significant unobservable inputs).

AFS Investments. The fair value of this financial asset is determined by reference to quoted market bid prices at the close of business at the reporting date. The fair value measurement of AFS investment is classified as Level 1 (quoted in an active market).

Capital Management

The primary objective of the Company's capital management is to safeguard the Company's ability to continue its operations as a going concern and to maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders, or issue new shares. No changes were made in the objectives, policies or processes for the years ended June 30, 2016 and December 31, 2015.