COVER SHEET

SEC Registration Number

2	1	8	1	7

COMPANY NAME

P T & T C O R P .

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

1 0 6 S C C B L D G C A R L O S P A L A N C A S T

L E G A S P I V I L L A G E M A K A T I C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
legal@ptt.com.ph	(02) 8815-996	+63 917 893 8601

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
3,638	Last Friday of June	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Kenneth Maceren	kjmaceren@ptt.com.ph	(02) 8815-996	09178938601

CONTACT PERSON's ADDRESS

Spirit of Communications Center, 106 C. Palanca Street, Legaspi Village, Makati City

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

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

SEC Number 21817
FILE Number ____

PT&T CORP.
(Company's Full Name)

Spirit of Communications Centre,
106 C. Palanca Jr. St., Legaspi Village, Makati City
(Company's Address)

(632) 8815-9961
(Telephone Number)

December 31
(Calendar Year Ending)
(month & day)

Form 17-Q
Form Type

___
Amended Designation (if applicable)

March 31, 2024
Period Ended Date

____
(Secondary License Type and File No.)

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 quarter ended **March 31, 2024**

2. SEC Identification Number **21817**

3 BIR Tax Identification No. **470-000-530-631**

4. **PT&T Corp.**
Exact name of issuer as specified in its charter:

5. **Metro Manila, Philippines**
Province, Country or other jurisdiction of
Incorporation or organization

6 (SEC Use Only)
Industry Classification Code:

8. **Spirit of Communication Centre Building,**
106 Carlos Palanca Jr. St., Legaspi Village, Makati City **1229**
Address of principal office Postal Code

8. **(632) 815-9961 to 65**
Issuer's telephone number, including area code

9. **Philippine Telegraph and Telephone Corp.**
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of each class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding as of Date of Report
Common stock	PhP1.00 par value 1,500,000,000 shares

11. Are any or all of these securities listed on a Philippine Stock Exchange?
Yes [x] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
Philippine Stock Exchange (PSE) – Common Stock

12. Indicate by check mark whether the issuer:
a. has filed all reports required to be filed by Section 17 of the SRC and the SRC Rule 17.1 thereunder or Section 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 [x] No [ ]

b. has been subject to such filing requirements for the past ninety (90) days.
Yes [x] No [ ]

PT&T CORP.
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SEC FORM 17-Q

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

PT&T CORP.
For the quarter ended: March 31, 2024.
INTERIM CONDENSED FINANCIAL STATEMENTS

PT&T CORP.
Statement of Financial Position
(In Thousand pesos)

	Interim unaudited as of March 31, 2024	Audited as of December 31, 2023
ASSETS		
Current Assets		
Cash	**11,104**	11,251
Receivables – net	**165,171**	147,202
Due from related parties	**206,428**	206,045
Other current assets	**22,326**	19,140
Total Current Assets	**405,029**	383,639
Non-current Assets		
Land at revalued amounts	**403,260**	403,260
Property, plant, and equipment at cost - net	**156,901**	164,593
Right-of-use assets – net	**18,711**	23,547
Investment Properties at cost	**40,814**	40,814
Other non-current assets -net	**106,741**	97,804
Total Non-current Assets	**726,426**	730,018
TOTAL ASSETS	**1,131,455**	1,113,657

	Interim unaudited as of March 31, 2024	Audited as of December 31, 2023
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables	**255,282**	254,462
Statutory obligations	**497,671**	486,248
Lease liabilities - current portion	**10,478**	13,740
Loans payable - current portion	**2,058**	3,672
Due to related parties	**105,513**	99,220
Total Current Liabilities	**871,002**	857,342
Non-current Liabilities		
Lease liabilities - net of current portion	**26,117**	26,117
Deposit for future stock subscription	**2,164**	2,164
Retirement benefits liability	**155,076**	152,125
Deferred income tax liability	**38,558**	38,558
Total Non-current Liabilities	**221,915**	218,965
Total Liabilities	**1,092,917**	1,076,307
Equity		
Capital Stock	**10,926,336**	10,926,336
Additional paid-in capital	**629,974**	629,974
Revaluation surplus	**141,570**	141,570
Other comprehensive income	**4,438**	4,438
Deficit	**(11,663,780)**	(11,664,968)
Total Capital Deficiency	**38,538**	37,350
TOTAL LIABILITIES AND CAPITAL DEFICIENCY	**1,131,455**	1,113,657

PT&T CORP.
Statement of Income (Loss)
(In thousand pesos except per share data)

	Interim unaudited for three-months ended March 31, 2024	Interim unaudited for three-months ended March 31, 2023
REVENUES	**137,449**	126,585
INCOME (LOSSES)		
Rent income	**-**	-
Other income	**537**	482
	137,986	127,067
COST AND EXPENSES		
Selling, general and administrative Expenses	**83,612**	91,332
Leased channel	**13,455**	13,906
Cost of sales	**25,946**	7,422
Depreciation and amortization	**11,916**	19,339
Penalty and surcharge	**-**	156
Interest expense	**1,869**	5,367
	136,798	137,522
LOSS BEFORE INCOME TAX	**1,188**	(10,455)
INCOME TAX	**-**	-
NET INCOME (LOSS)	**1,188**	(10,455)
WEIGHTED AVERAGE COMMON STOCK	1,500,000	1,500,000
INCOME (LOSS) PER SHARE		
Basic	**0.00**	(0.01)
Diluted	**0.00**	(0.01)

PT&T CORP.
Statement of Comprehensive Income
(In thousand pesos except per share data)

	Interim unaudited for three-months ended March 31, 2024	Interim unaudited for three-months ended March 31, 2023
NET INCOME (LOSS)	**1,188**	(10,455)
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized valuation gain on AFS investments	**-**	-
TOTAL COMPREHENSIVE INCOME (LOSS)	**1,188**	(10,455)

PT&T CORP.
Statement of Changes in Equity
(In thousand pesos)

	Capital Stock	Additional Paid-in Stock	Revaluation Surplus	Accumulated actuarial gain (loss) on retirement benefits	Unrealized valuation loss on equity investments	Deficit	Total
Balance as of December 31, 2023	10,926,336	629,974	141,570	4,719	(281)	(11,664,968)	37,350
Net income for three-months period						1,188	1,188
Balance as of March 31, 2024	**10,926,336**	**629,974**	**141,750**	**4,719**	**(281)**	**(11,663,780)**	**38,538**
Balance as of December 31, 2022	1,500,00	724,255	109,395	5,166	(274)	(11,672,875)	(9,334,332)
Net loss for three-months period						(10,455)	(10,455)
Balance as of March 31, 2023	**1,500,000**	**724,255**	**109,395**	**5,166**	**(274)**	**(11,683,330)**	**(9,344,787)**

PT&T CORP.
Statement of Cash Flows
(In thousand pesos)

	Interim unaudited for three months ended March 31, 2024	Interim unaudited for three months ended March 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (Loss) before income tax	**1,188**	(10,455)
Adjustments for:		
Depreciation and amortization	**11,916**	19,339
Interest expense	**1,869**	9,527
Movement in retirement benefit liability	**2,951**	2,933
Other income and charges	**-**	-
	17,924	21,344
Decrease (increase) in operating assets:		
Accounts receivables	**(17,969)**	4,392
Other current assets	**(383)**	(1,163)
Right of use asset	**(3,186)**	(7,368)
Increase (decrease) in current liabilities:		
Trade and accounts payable	**(614)**	1,663
Statutory obligations	**11,423**	2,224
Accrued interest, expenses, and other liabilities	**-**	4,948
Other liabilities,	**(3,262)**	(8,342)
NET CASH PROVIDED (USED) FROM OPERATING ACTIVITIES	**3,933**	17,698
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment & other fixed (net)	**612**	(2,474)
Other non-current assets	**(8,937)**	(8,890)
NET CASH PROVIDED (USED) FROM INVESTING ACTIVITIES	**(4,392)**	6,325
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances (from) to related parties, net	**5,858**	754
Payment of loans	**(1,613)**	(273)
NET CASH PROVIDED (USED) FROM FINANCING ACTIVITIES	**4,245**	481
NET INCREASE IN CASH	**(147)**	6,806
CASH BALANCE, Beginning	**11,251**	17,411
CASH BALANCE, Ending	**11,104**	24,217

PT&T CORP.
Aging Schedule of Receivables
As of March 31, 2024
(In thousand pesos)

SERVICES	CURRENT TO 30 DAYS	31 TO 60 DAYS	61 TO 90 DAYS	OVER 91 DAYS	TOTAL
Trade Receivables	14,132	5,742	4,075	189,690	213,639
Less: Allowance for doubtful accounts					69,838
NET TRADE RECEIVABLES					**143,800**
Other Receivables					21,371
RECEIVABLES, net of allowance for doubtful accounts					**165,171**

1. Corporate Information

PT&T Corp. (doing business under the name and style: PT&T) (the Company) was incorporated on November 14, 1962 under the laws of the Philippines as a diversified telecommunications entity catering to the corporate, small and medium business and residential segments. The Company is also a grantee of a franchise and holds various licenses to establish, install, maintain, operate and lease telecommunications systems, lines and circuits, wire or services, throughout the Philippines and other countries.

On November 3, 2023, the Securities and Exchange Commission (SEC) approved the following amendments to the Company's Articles of Incorporation:

a. Change of corporate name from Philippine Telegraph and Telephone Corporation to PT&T Corp. (Doing business under the name and style: PT&T);
b. Include the sale and distribution of information technology products, software, and services, and to provide shared services to subsidiaries, affiliates, and other companies in the Company's primary purpose; and
c. Increase of the authorized capital stock from ₱3,800.0 million to ₱12,600.0 million in line with the Company's Corporate Rehabilitation Plan (Rehab Plan)

The registered office address of the Company is 6th Floor SCC Bldg., 106 C. Palanca, Street., Legaspi Village, Makati City and is domiciled in the Philippines.

Legislative Franchise and Other Licenses

Legislative Franchise

On June 20, 1964, the Company was granted a 25-year national legislative franchise under Republic Act ("RA") No. 4161, as amended by RA Nos. 5048 and 6970, allowing the Company to establish, install, maintain, and operate wire and/or wireless telecommunications systems, lines, circuits, and stations throughout the Philippines for public domestic and international communications, and to provide domestic record communications services which consisted of telex, telegraph, and private leased circuits. On July 21, 2016, the Company was granted an extension of its franchise for another 25 years under RA No. 10894, *An Act Extending to Another Twenty-Five (25) Years the Franchise Granted to the Philippine Telegraph & Telephone Corporation (PT&T) to Establish, Install, Maintain and Operate Wire and/or Wireless Telecommunications Systems, Lines, Circuits and Stations Throughout the Philippines for Public Domestic and International Communications under RA No. 4161, as Amended.*

On August 25, 2017, Republic Telecommunications Holdings, Inc. (RETELCOM) and Menlo Capital Corporation (MENLO) entered into a Sale and Transfer Agreement wherein RETELCOM agreed to sell and transfer 560,000,000 common shares, representing 37.33% ownership interest of the Company in favor of MENLO. On February 20, 2018, the Subcommittee on Oversight (Legislative Franchise) (the "Subcommittee") of the House of Representatives conducted a public hearing on the alleged sale of the Company's ownership interest to MENLO without Congressional approval. Pursuant to Section 14 of RA No. 10894, a franchise grantee shall not sell its controlling interest without the prior approval of the Congress of the Philippines.

The Company submitted a Position Paper on March 7, 2018, followed by a Supplemental Position Paper on March 21, 2018, to clarify all concerns on the compliance by the Company of the provisions of its franchise. As at the date of the approval of these financial statements, the Company has yet to receive any response or resolution from the Subcommittee on Oversight (Legislative Franchise). Considering the facts and the applicable laws involved in this inquiry, the management, in consultation with its legal counsel, has assessed that this matter does not and will not have an impact on the Company's operations.

Licenses with National Telecommunications Commission (NTC)

The Company has various Certificates of Public Convenience and Necessities ("CPCNs") granted by the NTC which enable the Company to (a) provide data communications (Datacom) services, (b) implement its expansion and improvement programs covering among others, the installation, operation, and maintenance of an integrated digital network with the accompanying authority to charge rates for said services.

Aside from the NTC-authorized Datacom services, the Company was granted a CPCN that enables the Company to participate in the government's liberalization of the telecommunications industry as mandated under Executive Order (EO) No. 109. While beforehand the Company was already operating as inter-exchange carrier pursuant to the NTC Case No. 90-129 which enabled the Company to provide inter-exchange trunk facilities to connect with the local exchange carriers (LEC) and public calling offices for long distance toll service, the said EO 109 thereafter enabled the Company to become a LEC operator authorized under NTC Case No. 94-022. As a LEC operator, the Company was granted Region IV-A comprising of the provinces of Aurora, Laguna, Marinduque, Quezon, Rizal, and Romblon for LEC services. The Company, along with its related party, Capitol Wireless, Inc. (CWI), has been granted the CPCN to establish, operate and maintain international gateway facilities to/from foreign countries as authorized under NTC Case Nos. 93-144 and 94-022.

The Company also has ongoing applications with the NTC to upgrade its existing CPCNs for additional service areas to complement the Company's plan of nationwide network rollout. As at the date of the approval of these financial statements, these applications are pending with the NTC.

The Company is also registered as a value-added service (VAS) provider with the NTC which allows the Company to offer internet access service; virtual private network, electronic mail service, messaging services, web hosting, electronic commerce, firewall service, e-learning, business application, network security, business resiliency, and data analytics. The Company's VAS license is valid until September 5, 2026.

<u>Status Shares Listing in the Philippine Stock Exchange (PSE)</u>
On January 10, 1990, the Company listed its common shares in the PSE. On December 10, 2004, the Company requested the voluntary suspension of the trading of its shares which was approved by the PSE on December 13, 2004. The Company, however, continues to comply with the reportorial requirements of the SEC, the PSE, and the Bureau of Internal Revenue (BIR).

In 2017, the Company requested for the lifting of the voluntary suspension of the trading of its shares with the PSE. Accordingly, the Company submitted an Amended Registration Statement and other required reports to the Markets and Securities Regulation Department (MSRD) of the SEC.

After the Company's full compliance with the SEC requirements, the Company Registration and Monitoring Department issued a certification relating to the Company's good standing with the SEC on April 29, 2021. Subsequently, the MSRD issued an Order dated August 4, 2021, lifting the suspension of the Company's Registration Statement.

The Company continues to update the PSE on its implementation of the court-approved rehabilitation plan (the "Rehab Plan") as it evaluates the request for the lifting of the voluntary suspension of the trading of its shares. As at the date of the approval of these financial statements, the result of the said evaluation is still pending with the PSE.

<u>Status of Corporate Rehabilitation</u>
On August 20, 2009, the Company, RETELCOM, Philippine Wireless, Inc. (PWI), CWI, and Wavenet Philippines, Inc. (WPI) collectively referred to as the "RETELCOM Group" jointly filed a petition for Corporate Rehabilitation (Corp Rehab) and Suspension of Payments pursuant to the *Rules of Procedure on Corporate Rehabilitation* (A.M. No. 00-8-10-SC). On August 24, 2009, the rehabilitation court (Rehab Court) issued an order staying enforcement of all claims, whether for money or otherwise against the RETELCOM Group (Stay Order) and appointing a rehabilitation receiver (Rehab Receiver).

On April 1, 2011, the Rehab Court approved the RETELCOM Group's Rehab Plan which was immediately executory. However, during the same year, certain creditors whose claims constitute a minority of the Company's total liabilities filed before the Court of Appeals (CA) a petition assailing the Rehab Court's approval of the Rehab Plan. On May 19, 2017, the CA rendered a decision reversing the Rehab Court's approval of the Company's Rehab Plan. On December 4, 2017, the RETELCOM Group filed a Petition for Review before the Supreme Court (SC). The result of the said review, however, is still pending with the SC as at the date of these financial statements.

On November 3, 2023, the SEC approved the Company's increase in authorized capital stock to accommodate the debt-to-equity conversion of deposits for future stock subscriptions amounting to ₱8,709.6 million in accordance with the Rehab Plan and partially settled its statutory obligations, salaries, wages and other employee benefits out of its escrow accounts as of December 31, 2023.

Status of Operation
The Company has incurred a deficit of ₱11,665.0 million as at December 31, 2023 (₱11,672.9 million as at December 31.2022) and is still under Corp Rehab. These factors indicate a material uncertainty which may cast doubt on the Company's ability to continue as a going concern.

In 2023, the SEC approved the Company's increase in capital stock and debt-to-equity conversions of liabilities into capital stock aggregating ₱9,462.3 million which resulted to a positive equity of ₱37.3 million as at December 31, 2023. The Company also partially paid its statutory obligations, salaries, wages and other employee benefits using its escrow accounts as at December 31, 2023.

To further improve its financial position, sustain operations, and exit from the Corp Rehab status, the Company is expanding its digital infrastructure network and diversifying its service offerings through a combination of own build and strategic partnerships.

In June 2023, pursuant to an agreement with a foreign company, the Company offers Starlink services which includes, the Starlink kit, enterprise solutions for fixed broadband services, mobile application, maritime and data volume-based services. On December 28, 2023, with the Board of Directors (BOD) approval, the Company is exploring a potential joint venture with the same foreign supplier to expand and solidify the market base for Starlink services in the Philippines.

To expand its fiber footprint, achieve incremental connectivity targets and reduce maintenance costs, the Company also completed notable infrastructure projects in 2023 such as, node and building ports utilization, fiber upgrade, and pole attachments and access cable rehabilitation. Additions to property and equipment amounted to ₱23.6 million in 2023.

In December 2023, the BOD approved the Company's plan to upgrade its existing CPCNs and apply for additional service areas with the NTC to support the Company's expected nationwide network roll-out. The Company engaged the services of one of the world's largest financial advisory group to raise the necessary funds for the network expansion and roll-out.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Basis of Preparation and Statement of Compliance
The financial statements have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS) issued and approved by the Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC).

The interim financial statements do not include all the information and disclosures required in the annual audited financial statements and should be read in conjunction with the Company's annual financial statements as at December 31, 2023.

Measurement Bases
The financial statements are presented in Philippine Peso (Peso), which is the Company's functional currency. All values are stated in absolute amounts, except when indicated.

The financial statements of the Company have been prepared on the historical cost basis, except for the following accounts:

- Land measured at revalued amount;
- Investment in equity securities measured at fair value;
- Lease liabilities measured at the present value of future lease payments; and
- Retirement benefit liabilities measured at the present value of estimated future cash outflows.

Historical cost is generally based on the fair value of the consideration given in exchange for an asset or the fair value of the consideration received in exchange for incurring a liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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 markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- 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.

<u>Adoption of Amendments to PFRS</u>
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS, which became effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, Presentation of Financial Statements, and PFRS Practice Statement 2, Making Materiality Judgments – Disclosure Initiative – Accounting Policies
- Amendments to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to PAS 12, Income Taxes – Deferred Tax Related Assets and Liabilities from a Single Transaction
- Amendments to PAS 1, Classification of Liabilities as Current or Noncurrent

The adoption of the amendments to PFRS did not materially affect the financial statements of the Company.

<u>Financial Assets and Liabilities</u>

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of a financial instrument.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

Financial Assets
In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

The Company's does not have financial assets measured at FVPL. As at December 31, 2023 (and 2022), the Company's investment in equity shares was classified as financial asset at FVOCI.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collectcontractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently 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 fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

This category includes cash, receivables (excluding contract asset and advances to suppliers), due from related parties and refundable security deposits.

Impairment. The Company recognizes an allowance for expected credit loss (ECL) for all debt instruments not measured at FVPL. The expected credit loss is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flow from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Company has applied the simplified approach in measuring ECL. A simplified approach requires that ECL should always be based on the lifetime expected credit losses. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both are current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For other financial assets at amortized cost, the Company applies the general approach in measuring the expected credit losses. The Company assessed that cash are deposited with reputable counterparty banks that possess good credit ratings. For notes and other receivables, the Company considered the financial capacity of the debtor to pay when the credit becomes due and demandable. For security deposits, the Company considered the financial capacity of the counterparties to refund the deposits once the agreement has been terminated.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there are no reasonable expectations of recovering the contractual cash flows.

The Company reassesses the ECL on financial assets at amortized cost every reporting date.

Reclassification. The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Derecognition. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial 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 financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Financial Liabilities

Classification. The Company classifies its financial liabilities at initial recognition under the following categories: (a) financial liabilities at amortized cost, (b) financial liabilities at FVPL.

As at reporting date, the Company does not have financial liabilities measured at FVPL.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

This category includes trade and other payables (excluding nonrefundable other payables and contract liability), lease liabilities, loans payable and due to related parties.

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When 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 a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive loss.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying amount of the original liability and fair value of the new liability is recognized in the statement of comprehensive loss.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities
Financial assets and financial liabilities are offset and the net amount is 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 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, and the related assets and liabilities are presented gross in the statement of financial position.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Contract Balances
Contract Assets. A contract assets represent the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditioned on something other than the passage of time. Contract assets are reclassified to trade receivables when payment from the customers becomes due.

Contract Liabilities. A contract liability represents the Company's obligation to transfer goods to a customer for which the Company has received consideration from the customer. Contract liabilities are recognized as revenue when the Company performs its obligations under the contract.

Property and Equipment
Property and equipment (except land) are stated at cost less accumulated depreciation and any accumulated impairment in value. Cost includes expenditures that are directly attributable to bringing the property and equipment to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in profit or loss 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 property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. The cost of replacing a component of an item of property and 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.

Land is carried at revalued amounts, which represent fair value at date of revaluation less any accumulated impairment in value.

Valuations are performed frequently enough to ensure that the fair value of a revalued property and equipment does not significantly differ from its carrying value. The increase of the carrying value of the land as result of a revaluation is credited directly to other comprehensive income under "revaluation surplus" account, unless it reverses a revaluation decrease previously recognized as an expense, in which case it is credited in statements of loss. A revaluation decrease is charged directly against any related revaluation surplus, with any excess being recognized as an expense in profit or loss.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the property and equipment. The useful life of each of the Company's 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 industry practice and experience with similar assets.

Estimated useful lives of the Company's property and equipment are as follows:

	Number of Years
Buildings and improvements	25
Telecommunications equipment:	
Cable and wire facilities	14
Network equipment	5
Other work equipment	5

The carrying amounts of the assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The assets' useful lives and depreciation method are reviewed periodically, and adjusted if appropriate, at each reporting year-end.

Fully depreciated assets are retained as property and equipment until they are no longer in use.

An item 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 recognized in profit or loss in the year the item is derecognized.

Investment Properties

Investment properties are carried at cost and any impairment in value. When the investment properties are sold or retired, the cost less any impairment in value is eliminated from the accounts and any resulting gain or loss is recognized in profit or loss.

The carrying amounts of investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

For a transfer from investment property to owner-occupied property, the deemed cost of property for subsequent accounting is its carrying amount at the date of change in use. If the property occupied by the Company as 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 when either they have been disposed of or when permanently withdrawn from use and no future economic benefit expected from the disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Other Assets

Creditable Withholding Tax (CWT). CWT represents the amount withheld by the Company's customers in relation to its income. CWT is deducted from income tax payable in the same year the revenue was recognized. CWT in excess of income tax payable are carried forward to the succeeding year.

Prepayments. Prepayments are expenses paid in advance and recorded as an asset before these are utilized. These are carried at cost and are amortized on a straight-line basis over the period of expected usage, which is equal to or less than twelve months or within the normal operating cycle. Prepayments are classified as current asset when the cost of goods or services related to the prepayment are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, these are classified as noncurrent assets.

Advances to Suppliers. Advances to suppliers are recognized at cost. These are non-refundable down payment made for future acquisition of capital asset which will be applied as part of payments upon execution of sale.

Plant Supplies. Plant supplies are stated at cost less accumulated impairment in value, if any. Cost of plant supplies comprise all costs of purchase and other costs incurred in bringing the plant supplies to their present location and condition. A regular review is undertaken to determine the extent of any provision for obsolescence. The Company provides allowance for impairment losses when the asset becomes obsolete.

Deposit. Deposit is recognized at cost. This is a non-refundable down payment made for future acquisition of capital asset which will be applied as part of payments upon execution of sale.

Software and Licenses. Software and licenses are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives, which does not exceed five (5) years.

Software and licenses with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the profit or loss in the expense category that is consistent with the function of the intangible assets.

Software and licenses are derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the profit or loss.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. Recoverable amount is the higher of an assets or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Any impairment loss is recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Deposits for Future Stock Subscription

Deposits for future stock subscription represent funds received from existing and/or prospective stockholders or liabilities converted by the Company to be applied as payment for stock subscription on unissued shares or shares from the increase in authorized capital stock.

Under Financial Reporting Bulletin No. 6 as issued by the Philippine SEC, the Company shall classify a contract to deliver its own equity instruments under equity as a separate account from outstanding capital stock, if and only if, all of the following elements are present as at reporting date:

a. The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
b. There is BOD and stockholders' approval on the proposed increase in the authorized capital stock (for

which a deposit was received by the corporation);

c. There is stockholders' approval of the proposed increase; and
d. The application for the approval of the proposed increase has been filed with the Philippine SEC.

If the above conditions are not met, the "Deposits for future stock subscription" is presented as a noncurrent liability.

Equity

Common Stock. Common stock is measured at par value of the issued common shares.

Preferred Stock. Preferred stock is classified as equity if it is non-redeemable, or redeemable only at the option of the Company, and any dividends are discretionary at the option of the Company. Dividends thereon are recognized as distributions upon approval by the BOD of the Company.

Additional Paid-in Capital (APIC). APIC represents proceeds and/or fair value of considerations received in excess of par value of the issued shares. Transaction costs directly attributable to the issuances of capital stock are recognized as a deduction from APIC.

Deficit

Deficit represents the accumulated results of operations of the Company.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) comprises items of income and expenses (including items previously presented under the statement of changes in capital deficiency) that are not recognized in profit or loss for the year.

Earnings (Loss) Per Share

Basic. Basic earnings (loss) per share is calculated by dividing the net income (loss) attributable to ordinary stockholders of the Company by the weighted average number of common shares outstanding during the year, excluding common shares purchased by the Company and held as treasury shares.

Diluted. Diluted earnings (loss) per share is calculated by dividing the net income (loss) attributable to ordinary stockholders of the company by the weighted average number of common shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all potentially dilutive common shares during the period.

Revenue Recognition

Revenue from Contract with Customers

Revenue from contracts with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in all of its revenue sources.

The Company's revenue from contracts with customers generally includes broadband internet access service contracts which are either offered separately or bundled with other services, information technology services and other services.

Broadband internet access services ranging from shared access to fully redundant (first to last mile) high availability service. These include fiber optic dedicated internet, e-line or shared broadband internet, wireless dedicated or shared broadband access and customized and value-added services.

Services may be rendered separately or bundled with other services. The specific recognition criteria are as follows:

Service arrangements may include fixed monthly charges (including excess of consumable fixed monthly service fees) generated from fixed line and other network services primarily through broadband and leased line services, which the

Company recognizes on a straight-line basis over the customer's subscription period. Services provided to customers are billed throughout the month according to the billing cycles. Services availed by customers in addition to these fixed fee arrangements are charged separately at their stand-alone selling prices and recognized as the additional service is provided or as availed by the customers.

Installation fees for services are not capable of being distinct from the sale of modem since the customer obtains benefit from the combined output of the installation services and the device and is recognized upon delivery of the modem and performance of modem installation. The related incremental costs are recognized in the same manner in the statements of loss, if such costs are expected to be recovered.

Revenues from shared lines or shared access are recognized net of content provider's share in revenue. Revenue is recognized upon service availment. Revenue from server hosting, co-location services, and customer support services are recognized at point in time as the services are performed.

Upon signing of subscription agreement, customers are required to make payments equivalent to 2 months advance and 1 month deposit of internet broadband monthly subscription fee. These customers' deposits are refundable and/or to be applied to unpaid receivables of the customers. The Company recognized these advance payments and deposit as contract liability and "Customers' deposits" as part of liabilities.

The Company also provides IT services and products from IT infrastructure, applications, network security, and others.

Revenue from sale of IT infrastructure is recognized at the point in time when control of the asset is transferred to the customer, generally upon delivery of the equipment or software at the customer's location. Revenue from services is recognized when the service to the customer is performed, generally via milestone achievement.

Other Sources of Revenue
The following specific recognition criteria must be met before revenue is recognized:

Rental Income. Rent income is recognized on a straight-line basis over the term of the lease. The Company does not provide any ancillary services to the tenants of the investment property. The lease payments therefore relate entirely to rental and are recognized as rent income. It was not necessary to separate the considerations between lease and non-lease components on the adoption of PFRS 15.

Other Income. Other income is recognized when there is an incidental economic benefit that will flow to the Company through an increase in asset or reduction in liability and that can be measured reliably.

Cost and Expenses Recognition
Costs and expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability, other than distributions to equity participants, has arisen that can be measured reliably.

Cost of Services. Cost of services are direct costs incurred in relation to broadband services and installation of software licenses. These are recognized as the services are rendered.

Cost of Sales. Cost of sales mainly pertains to purchase of software licenses. These are generally recognized when related goods are sold.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business and costs incurred to sell and market the services. These are expensed as incurred.

Interest Expense. Interest expenses arising from borrowed funds are recognized in profit or loss using the effective interest method.

Employee Benefits
Short-term Benefits. Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

Retirement Benefits. The Company has a noncontributory defined benefit plan covering all qualified employees. The retirement liability is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising current service costs and interest costs in profit or loss.

Current service costs pertain to the increase in the present value of a defined benefit obligation resulting from employee service in the current period.

Interest on the retirement liability is the change during the period in the retirement liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the retirement liability. Interest is calculated by applying the discount rate to the retirement liability.

Remeasurements comprising actuarial gains and losses are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The present value of the defined benefit liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the separate financial statements do not differ materially from the amounts that would be determined at the reporting date.

Leases

The Company assesses whether the contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

i. the right to obtain substantially all of the economic benefits from the use of the identified asset; and
ii. the right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term. The Company also assesses whether a contract contains a lease for each potential separate lease component.

The Company as a Lessee. At the commencement date, the Company recognizes ROU assets and lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value, in which case the lease payments associated with those leases are recognized as an expense in profit or loss on a straight-line basis.

For leases with lease terms of 12 months or less but with an option to extend the lease, the management assesses whether there is reasonable certainty that the Company will extend the lease, by considering all relevant facts and circumstances that create an economic incentive for the lessee to extend or terminate the lease, to determine the appropriate lease term.

ROU Assets. At commencement date, the Company measures ROU assets at cost, which is comprised of the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- an estimation of costs to be incurred by the Company in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses and adjusted for any remeasurement of the related lease liabilities. The ROU assets are amortized over the shorter of the lease terms or the useful lives of the underlying assets.

Lease Liabilities. At commencement date, the Company measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability consist of the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise; lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

The 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. Contingent rents are recognized as revenue in the period in which these are earned.

Income Taxes

Current Tax. Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the end of the reporting period.

Deferred Tax. Deferred tax is provided on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognized for all deductible temporary differences, net operating loss carryover (NOLCO) and excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) to the extent probable that there will be a taxable profit against which deductible temporary differences can be utilized, whereas deferred tax liabilities and for all taxable temporary differences, except when the deferred tax asset or liability arises from the initial recognition of goodwill or 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 income nor taxable income 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 tax rates expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at the end of the reporting period.

Income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss.

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.

Value-Added Tax (VAT)

VAT represents the net amount of VAT recoverable from the taxation authority. Revenue, expenses and assets are recognized net of the amount of VAT except:

- where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or
- receivables and payables that are stated with the amount of VAT included.

The net amount of VAT payable to the taxation authority is included as part of "Trade and other payables" account in the statement of financial position.

Deferred Input VAT. Deferred Input VAT represents the unamortized amount of input VAT on capital goods and input VAT on the unpaid portion of availed goods and services.

In accordance with Revenue Regulations (RR) No. 16-2005, input VAT on purchases or imports of the Company of capital goods (depreciable assets for income tax purposes) made prior to January 1, 2022 with an aggregate acquisition cost (exclusive of VAT) in each of the calendar months exceeding ₱1.0 million is claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter.

Deferred input VAT that is expected to be realized within 12 months after the financial reporting period is classified as a current asset. Otherwise, it is classified as a noncurrent asset.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed ₱1.0 million or if the purchase was made on or after January 1, 2022, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

Related Party Relationships and Transactions

A related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity, or between, and/or among the reporting entity and its key management personnel, directors or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form.

A related party transaction is a transfer of resources, services or obligation between a reporting entity and a related party.

Foreign Currency Transactions

Transactions in foreign currencies are recorded using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the rate of exchange prevailing at the reporting date. Foreign exchange differences between rate at transaction date and the rate at settlement date or financial statement date are credited to or charged against current operations.

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. When some or all the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingencies

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

Events After the Reporting Date

Post year-end events that provide additional information about the Company's financial position at the end of the reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Judgment, Accounting Estimates and Assumptions

The preparation of the financial statements in compliance with PFRS requires management to exercise judgment, make estimates and use assumptions that affect the amounts reported in the financial statements. The judgment, estimates and assumptions 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.

Judgment

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

Assessment of the Company's Ability to Continue as a Going Concern. The Company has incurred recurring losses that resulted to a deficit amounting to ₱11,665.0 million as at December 31, 2023 (₱11,672.9 million as at December 31, 2022). These factors indicate material uncertainties which may cast doubt on the company's ability to continue as a going concern.

With the Company's significant progress in fulfilling its obligations under under the Corp Rehab which includes the increase in authorized capital stock through the conversion fo the DFSS and the corporate initiatives, increase in capital stock through the conversion of deposit for subscription in accordance with the court-approved rehabilitation plan and the stockholders' continuing financial support to sustain the Company's operations, management assessed that the Company has the ability to continue to operate on a going concern basis.

Recognition of Revenue. The Company applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

1. *Identifying Performance Obligations.* The Company identifies performance obligations by considering whether the promised services in the contract are distinct services. A service is distinct when the customer can benefit from the service on its own or together with other resources that are readily available to the customer and the Company's promise to transfer the service to the customer is separately identifiable from the other promises in the contract.

   Revenues earned from multiple element arrangements offered by the Company's fixed line and wireless businesses are split into separately identifiable performance obligations based on their relative stand-alone selling price in order to reflect the substance of the transaction. The transaction price represents the best evidence of standalone selling price for the services the Company offers since this is the observable price being charge if the services are sold separately.

2. *Timing of Revenue Recognition.* The Company recognizes revenue from contracts with customers over time or at a point in time depending on the evaluation of when the customer obtains control of the promised services and based on the extent of progress towards completion of the performance obligation. For the telecommunication service which is generally provided over the contract period of two years, because control is transferred over time, revenue is recognized monthly as the Company provides the service.

3. *Identifying Methods for Measuring Progress of Revenue Recognized Over Time*. The Company determines the appropriate method of measuring progress which is either through the use of input or output methods. Input method recognizes revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation while output method recognizes revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date.

   Revenue from telecommunication services is recognized through the use of input method wherein recognition is over time based on the customer subscription period since the customer simultaneously receives and consumes the benefits as the seller renders the services.

Classification of Preferred Shares. The Company has preferred shares which are redeemable and convertible at the option of the Company and there and there are no defined period or date over which redemption can take place.

Management has assessed that the preferred shares should be classified as equity as there are no defined period over which conversion or redemption can take place and the Company has control that no preferred shareholders will convert or redeem the shares in the foreseeable future. Moreover, the Company should list its authorized redeemable preferred shares as freely "tradable" shares with the PSE pursuant to the Rehab Order.

Assessment of the Lease Term of Contracts with Renewal and Terminal Options – The Company as a Lessee. The Company determined the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement of date, the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Company included the renewal period as part of the lease term for leases of office premises network equipment, and service vehicles with shorter non-cancellable period (i.e., three to five years). The Company typically exercises its option to renew these leases because there will be a significant negative effect on production if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Distinction between Property and Equipment and Investment Properties. The Company determines whether a property qualifies as property and equipment or an investment property. In making this judgment, for investment properties, the Company considers whether the property generates cash flows largely independent of the other assets and is held primarily to earn rentals or for capital appreciation. Property and equipment are held for use in the supply of services or for administrative purposes. The Company considers each property separately in making its judgment.

Estimates and Assumptions

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

Assessing the Impairment of Financial Assets at Amortized Cost. In assessing ECL, the Company uses historical credit loss experience adjusted for forward-looking factors, as appropriate. For trade receivables, ECL is computed on a lifetime basis using a provision matrix. For other financial assets at amortized cost, ECL is computed on a 12-month or lifetime basis using historical loss experience determined based on the default accounts.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information. A significant increase in credit risk can be measured by comparing the probability of default of the borrower from the initial recognition and the result of the current probability of default. When the result shows an upward movement of the probability of default, the change is considered as a significant increase in credit risk.

While cash is subject to impairment, the Company has assessed that the ECL is not material because these are transacted with reputable banks that possess good credit ratings. The Company has also assessed that the Company's trade and other receivables and security deposits have minimal credit risk.

Estimation of Retirement Benefits. The costs of defined retirement benefits as well as the present value of the provision for retirement benefits are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future retirement increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, retirement benefits liability is highly sensitive to changes in these assumptions. All assumptions are reviewed at the end of each reporting period.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit retirement liability.

Assessment of the Impairment of Nonfinancial Assets. The Company assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Company considers in deciding whether to perform an asset impairment review include, among others, the following:

- significant underperformance of a business in relation to expectations.
- significant negative industry or economic trends; and
- significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Recoverable amount represents the value in use, determined as the present value of estimated future cash flows expected to be generated from the continued use of the assets. The estimated cash flows are projected using growth rates based on historical experience and business plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset.

Management has assessed that there were no indications that the Company's nonfinancial assets are not recoverable as at reporting date; hence, no impairment loss was recognized in 2023 (and 2022).

Assessment of the Realizability of Deferred Tax Assets. The Company reviews the carrying amount of deferred tax assets at each reporting date and reduces the 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 in the future. The amount of deferred tax assets that are recognized is based upon the likely timing and level of future taxable profits together with future tax planning strategies to which the deferred tax assets can be utilized.

Estimation of Provisions and Contingencies on Legal Proceedings. The Company is currently involved in various legal proceedings which are pending resolution in view of the Company's ongoing Corp Rehab. The estimate of the probable costs for the resolution of these claims has been developed in consultation with in-house and outside counsels handling the Company's defense in these matters and is based upon an analysis of potential results. The Company's management and legal counsels have made judgment that, while the proceedings are legally defensible, they cannot anticipate with certainty the progress and the outcome of the legal proceedings, the appreciation of the available evidence by the relevant courts or tribunal involved and the evolution of jurisprudence or similar cases that will be decided by the highest court, which will be relevant to these pending cases. The Company currently assessed that these proceedings will not have a material adverse effect on its financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings. No provisions were made in relation to these ongoing legal proceedings.

Estimation of Accrued Interest Based on Court-Approved Rehab Plan. The Company determines the accrued interest based on the outstanding balances of its unpaid obligations to all claimants listed in the Rehab Plan. These obligations are subject to 6% legal interest in accordance with the court-approved Rehab Plan (see Note 1). The management believes that the accrued interest recognized by the Company is reasonable and appropriate following the interpretation of the court-approved Rehab Plan.

4. CASH

	March 31, 2024	December 31, 2023
Cash on hand	**315,000**	315,000
Cash In banks	**10,789,173**	10,936,479
	11,104,173	11,251,479

Cash in banks earn interest at the respective bank deposit rates. Interest income earned amounted to ₱709 and ₱14,891 for the three-month ended March 31,2024 and year ended December 31, 2023.

5. RECEIVABLES - net

	March 31, 2024	December 31, 2023
Trade receivables		
Third parties	**191,869,475**	178,341,771
Related party	**21,769,462**	21,479,149
Advances to suppliers	**4,409,710**	5,217,748
Contract asset	**7,693,796**	6,408,580
Others	**9,337,306**	5,663,487
	235,079,749	217,110,735
Allowance for ECL	**(69,908,539)**	(69,908,539)
	165,171,210	147,202,196

Trade receivables are unsecured, noninterest-bearing and are normally collected within 30-60 days' terms.

Advances to suppliers pertain to advance payments for promotional materials, and IT solutions, networks and telecommunications, and will be applied against the subsequent billings.

Contract assets arise from the Company's sale of broadband service contracts bundled with software licenses or gadgets wherein the Company has established its right to consideration in exchange for software gadgets already delivered to the customers before payments are due.

Movements in allowance for ECL of receivables are as follow:

	Trade receivables	**Other receivables**	**Total**
Balance at December 31, 2022	58,225,870	70,139	58,296,009
Provision for ECL for the year	11,612,530	-	11,612,530
Balance at December 31, 2023	**69,838,400**	**70,139**	**69,908,539**

Receivables, which include the nontrade receivables from the Company's LEC business and fully provided with allowance for ECL, were written-off and reflected as a prior period adjustment.

6. Other Assets

Current

This account consists of:

	March 31, 2024	December 31, 2023
CWT	**14,364,389**	12,023,526
Deferred Input VAT	**3,601,867**	3,601,867
Prepayments	**4,359,361**	3,514,624
	22,325,617	19,140,017

Noncurrent

This account consists of:

	March 31, 2024	December 31, 2023
Plant supplies	**63,505,727**	54,266,180
Deposit	**23,266,667**	23,266,667
Refundable security deposits	**15,694,348**	15,623,208
Software and licenses	**4,055,234**	4,429,033
Financial asset at FVOCI	**218,709**	218,709
	106,740,685	97,803,797

Plant supplies pertain to cables and wires used for the installation network facilities which are carried at cost. Plant supplies amounting to ₱66.0 million were written-off and accounted for as a prior period adjustment. No provision for inventory obsolescence was recognized in 2023, 2022 and 2021.

CWT pertains to taxes withheld by the Company's customers and can be utilized as payment for income taxes subject to the prevailing tax rules.

Prepayments pertain to unamortized portion of software licenses, marketing fees, association dues, registration fees, and insurance.

Deposit pertains to down payments made for possible purchase of a capital asset which will be applied as part of purchase price upon execution of the acquisition.

Refundable security deposits represent deposits on various space rental for central office equipment and telecommunication nodes.

Financial assets at FVOCI pertain to investment in shares which is being treated in the PSE. The fair values of the financial assets are determined by reference to published price quotations in an active market and has been categorized as Level 1. Cumulative unrealized losses on financial asset at FVOCI amounted to ₱0.3 million as at December 31, 2023.

Dividend income from the financial asset at FVOCI amounted to ₱18,468 in 2023.

7. PROPERTY AND EQUIPMENT AT COST

	Telecommunications Equipment				
March 31, 2024	Network equipment	Cable and wire Facilities	Other work equipment	Building and Improvements	Total
Cost:					
Balance at beginning of year	253,513,660	299,878,582	64,586,373	24,032,998	642,113,113
Additions	220,000	77,411	62,857		360,268
Disposals	-	-	(1,345,000)	-	(1,345,000)
Balance as of March 31, 2024	253,835,160	299,955,993	63,304,230	24,032,998	641,128,381
Accumulated depreciation:					
Balance at beginning of year	249,760,918	179,913,038	39,916,394	7,929,649	477,519,999
Depreciation	767,789	4,137,078	1,703,739	99,092	6,707,698
Balance as of March 31, 2024	250,528,707	184,050,116	41,620,133	8,028,741	484,227,697
Net book value	**3,306,453**	**115,905,877**	**21,684,097**	**16,004,257**	**156,900,684**

Service vehicles, presented under other work equipment, with carrying value ₱2.2 million as at December 31, 2023, serve as collaterals for bank loans.

In 2024, the Company sold a service vehicle, presented under Other Work Equipment, at the same amount of its net book value of ₱1.3 million.

Fully depreciated properties still in use amounted to ₱277.1 million as at December 31, 2023.

Land at revalued amount

The Company's land is measured using the revaluation model. In 2023, the land was revalued by an independent appraiser using the Sales Comparison Approach method, which considers the sales of similar or substitute properties and related market data, then establishes a value estimate by processes involving comparison.

Fair value measurement was categorized as Level 3 and the significant unobservable input in determining fair values for 2023 is discussed as follows:

Price per square meter	₱470,000
Value adjustments	(5%)

Price per square meter pertains to the estimated value prevailing in the real estate market depending on the location, area and time element. Value adjustments are adjustment made to bring the comparative values in approximation to the properties taking into account internal factors such as marketability, location, terrain, size, shape and development.

No appraisal was made in 2022 and 2021 because management has assessed that the carrying amount of land approximates its fair value as at December 31, 2022 and 2021.

Sensitivity Analysis. The following factors were considered in determining the market value of the subject property.

- Property location and neighborhood data;
- Present use of the property is commercial utility;
- Quantitative market value adjustments based on internal factors; and,
- Highest and best use (commercial utility)

Significant increase (decrease) in price per square meter would result in a significantly higher (lower) fair value measurement. A significant increase (decrease) in value adjustments would result in a lower (higher) fair value measurement.

As at December 31, 2023, there were no transfers between levels in the fair value hierarchy.

8. Investment Properties

Movement in this account as follows:

	March 31, 2024	December 31, 2023
Balance at beginning of year	**40,814,018**	79,311,918
Disposals during the year	**-**	(38,497,900)
	40,814,018	40,814,018

The Company's investment properties consist of land located in NCR, and Regions 3 and 4, which are held for rentals and for capital appreciation.

The Company sold investment properties costing ₱38.5 million for ₱97.3 million in 2023. These resulted to gain on sale of ₱58.8 million in 2023.

Fair Value

The fair value of the investment properties based on management's assessment using the sales comparison approach amounted to ₱88.7 million as at December 31, 2023. Fair value measurement was categorized as Level 3 and the significant unobservable input used in determining fair values for 2023 is discussed as follows:

Price per square meter	₱900 to ₱22,500
Value adjustments	(5%) to (15%)

Price per square meter pertains to the estimated value prevailing in the real estate market depending on the location, area and time element. Value adjustments are adjustments made to bring the comparative values in approximation to the properties taking into account internal factors such as marketability, location, terrain, size, shape and development.

Significant increase (decrease) in price per square meter would result in a significantly higher (lower) fair value measurement. Significant increase (decrease) in value adjustments would result in a lower (higher) fair value measurement.

9. Trade and Other Payables

	March 31, 2024	December 31, 2023
Trade	**65,402,200**	67,643,619
Customers' deposits	**151,307,561**	150,471,575
Advances from customers	**38,572,120**	36,347,255
	255,281,881	254,462,449

Trade payables are non-interest bearing and are settled on a 30 to 120 days' term and include accrued interest payable under Corp Rehab amounting to ₱110.9 million as at December 31, 2023. The Company reversed long-outstanding liabilities of ₱27.5 million in 2023 because the management assessed that no further claims will be made for these payables.

Customers' deposits are refundable upon expiration and/or termination of the subscription.

Advances from customers, equivalent to two months subscription fee, will be applied as payment upon the expiration and/or termination of the subscription.

10. Statutory Liabilities

This account consists of:

	March 31, 2024	December 31, 2023
Covered by Corporate Rehabilitation		
Labor-related	**74,472,925**	76,131,049
NTC	**48,724,945**	48,724,945
Home Development Mutual Fund (HDMF)	**28,448,186**	28,448,186
Social Security System (SSS)	**15,101,233**	15,101,233
Philippine Health Insurance Corporation (PHIC)	**12,145,658**	12,145,658
National Home Mortgage Finance Corp. (NHFMC)	**1,132,874**	1,132,874
	180,025,821	181,683,945
Outside Corporate Rehabilitation:		
NTC	**149,929,883**	149,095,423
BIR and other government agencies	**167,714,851**	155,468,305
	317,644,734	304,563,728
	497,670,555	486,247,673

Covered by Corp Rehab
All outstanding obligations covered by the Corp Rehab are subject to the legal interest of 6% from the approval of the Plan. Interest expense arising from liabilities covered by the Corp Rehab amounted to ₱21.5 million in 2023.

Labor-related pertains to unpaid salaries and wages of employees, and National Labor Relation Commission (NLRC) fees. NTC represents unpaid Supervision and Regulation Fee and Spectrum User Fees charged by the NTC to telecommunications company with valid legislative franchise.

HDMF, SSS, PHIC and NHFMC pertain to unremitted employer and employees' contributions.

Outside Corp Rehab
Statutory obligations outside the Corp Rehab are current obligations which are incurred in the normal operations of the Company. These are usually settled within the succeeding month.

11. Loans Payable

Loans from Bank
The Company obtained several loans from a local bank to finance the purchase of transportation equipment. Thes loans bear annual interest rates ranging from 11% to 19% and have maturity dates from December 2022 to May 1, 2026. Outstanding balance of these loans aggregate ₱3.6 million as at December 31, 2023.

The carrying value of service vehicles pledged as collateral for the loan amounted to ₱2.2 million as at December 31, 2023.

Loans from a Related Party
In 2022, the Company obtained loans from a related party amounting to ₱28.0 million with an interest rate of 8.75% per annum, and payable in equal monthly amortization up to July 2027. As at December 31, 2022, the carrying amount of loan from a related party amounted to ₱25.5 million. These were fully paid in 2023.

12. Retirement Benefits Liability

The Company has an unfunded defined benefit plan covering all regular and permanent employees. The latest actuarial valuation report as at December 31, 2023 is determined using the projected unit credit actuarial cost method.

Retirement benefit cost attributable to key management personnel amounted to ₱7.1 million in 2023.

The Company has been under Corp Rehab since 2011. Pursuant to the Court Rehab orders, the Company may put on hold the benefits of separated employees for service rendered prior to August 24, 2009 Stay Order. As at December 31, 2023, the Company has retirement benefits liability attributable to separated employees amounting to ₱93.7 million.

13. Equity

Capital Stock

The Company's capital stock comprised of common and preferred stock, broken down as follows:

	Number of Shares	Amount
Authorized		
Common - ₱1.00 par value	1,500,000,000	1,500,000,000
Preferred Serial Cummulative		
Convertible and Redeemable ₱10.00 par value	**230,000,000**	2,300,000,000
Preferred (Serial and Redeemable)		
₱1.00 par value	**8,800,000,000**	8,800,000,000
	10,530,000,000	**12, 600,000,000**

	Number of Shares	Amount
Subscribed		
Common	1,500,000,000	1,500,000,000
Preferred 1 (Serial Cumulative)		
Convertible and Redeemable	**71,676,358**	716,763,500
Preferred 2 (Serial and Redeemable)	8,709,572,093	8,709,572,093
	10,530,000,000	**10,926,335,679**

Pursuant to the Rehab Plan, the BOD and stockholders approved the increase in the Company's authorized capital stock (ACS) from ₱3,800.0 million, divided into 1,500.00 million common stock at ₱1.00 par value a share and 230.0 million serial, cumulative, convertible and redeemable preferred stock at ₱10 par value a share, to ₱12,000.0 million, divided into 1,500.00 million common stock at ₱1 par value a share, 230.0 million serial, cumulative, convertible and redeemable preferred stock at ₱10 par value a share and 8,800.0 million serial and redeemable preferred stock (Series "A", "B" and "C") at ₱1 par value a share, in 2021 DFFS related to the increase in ACS aggregated ₱8,707.6 million, resulting to remaining DFFS of ₱2.2 million as at December 31, 2023. On November 3, 2023, the SEC approved the increase in the ACS.

Preferred 1 (Serial, Cumulative, Convertible and Redeemable)
In 2023, the BOD approved the conversion of advances from MENLO amounting to ₱371.8 million, the debt-in-possession amounting to ₱215.0 million and DFFS amounting to ₱130.0 million into 71,676,858 Preferred 1 shares, or equivalent to ₱716.8 million.

Preferred 1 shares rights and features are as follows:

1. Has no voting rights or right to be voted except as provided by law.
2. Entitled to cumulative and non-participating dividends.
3. Issued into different series and at different dividend rates as determined by the BOD.
4. Convertible into common shares as determined by the BOD.
5. Redemption period shall be fixed by the BOD and may be re-issued upon redemption as preferred or as common shares at the option of the BOD.

Preferred 2 (Serial and Redeemable)
The Rehab Court requires the Company to settle its liabilities through a debt conversion to 12-year serial and redeemable preferred stock, under the following classification:

Type of Serial and Redeemable Preferred Stock	Type of Obligation
Series "A"	Secured obligations
Series "B"	Unsecured obligations
Series "C"	Obligations to affiliate companies

Following the SEC's approval of the increase in ACS in 2023, DFFS amounting to ₱8,709.6 million were converted into

Preferred 2 shares. Details are as follows:

	Number of shares	Amount
Authorized		
Series A	6,750,000,000	₱6,750,000,000
Series B	1,800,000,000	1,800,000,000
Series C	250,000,000	250,000,000
Increase and balance at end of year	8,800,000,000	₱8,800,000,000
Subscribed		
Series A	6,726,392,237	6,726,392,237
Series B	1,764,878,303	1,764,878,303
Series C	218,301,553	218,301,553
Subscription and balance at end of year	8,709,572,093	₱8,709,572,093

APIC

Movements in the Company's APIC follows:

	2023	2022
Net Income (loss)	₱724,255,313	₱724,255,313
Stock issuance costs	(94,281,272)	-
Balance at end of year	₱629,974,041	₱724,255,313

Stock issuance costs pertains to the documentary stamp taxes on the subscription of shares in 2023.

14. Basic and Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing the net loss attributable to stockholders of the Company by the weighted average number of ordinary shares in issue during the year/period, excluding ordinary shares purchased by the Company and held as treasury shares.

Earnings per share are as follows:

	March 31, 2024 (Three months)	December 31, 2023 (Twelve months)
Net income shown in the statements of loss	₱1,188,015	₱7,906,864
Weighted average number of common shares for basic and diluted earnings (loss) per share	**1,500,000,000**	1,500,000,000
Basic and diluted earnings (loss) per share	**₱0.0007**	₱0.005

There were no potential dilutive shares in 2023.

15. RELATED PARTY TRANSACTIONS

The Company in the normal course of business, has the following transactions with related parties:

	Nature of Transaction	Transaction during the year 2023	2022 (as restated)	2021 (As restated)	Outstanding balances 2023	2022 (as restated)
Receivables						
Stockholder	Resell of data transport	**₱1,253,450**	₱7,584,589	₱6,996,530	**₱21,479,149**	₱20,225,699
Due from related parties						
Stockholder	Advances	**₱47,141,992**	₱115,642,645	₱114,959,385	**₱198,993,472**	₱151,851,479
Entities under common control		**683,260**	467,808		**7,051,813**	6,368,553
					₱206,045,285	₱158,220,032
Due to related parties						
Stockholders	Advances	**₱1,654,240**	₱493,739	₱2,147,979	**₱68.795,323**	₱67,513,981
Entities under common control		**–**	375,622,202	373,967,962	**30,425,103**	621,895,128

	Nature of Transaction	Transaction during the year 2023	2022 (as restated)	2021 (As restated)	Outstanding balances 2023	2022 (as restated)
Receivables						
Stockholder	Resell of data transport	**₱1,253,450**	₱7,584,589	₱6,996,530	**₱21,479,149**	₱20,225,699
Due from related parties						
Stockholder	Advances	**₱47,141,992**	₱115,642,645	₱114,959,385	**₱198,993,472**	₱151,851,479
Entities under common control		**683,260**	467,808		**7,051,813**	6,368,553
					₱206,045,285	₱158,220,032
					₱99,220,426	₱689,409,109
Loans						
Entities under common control	Advances	**₱–**	₱30,000,000		**₱-**	₱25,526,586

Terms and Conditions of Transactions with Related Party

Due To and From Related Parties. Outstanding balances with related parties as at year-end are unsecured, noninterest-bearing, payable on demand and are expected to be settled in cash.

Loans. These are unsecured loans with a related party bearing an interest rate of 8.75% per annum, and payable in equal monthly amortization up to July 2027. These were fully paid in 2023.

Compensation of Key Management Personnel

Compensation of key management personnel of the Company are as follows:

	2023	2022
Short-term employee benefits	**₱30,662,985**	₱31,167,212
Retirement benefit cost	**7,103,957**	7,333,991
	₱37,766,942	₱38,501,203

16. Financial Instruments

Financial Risk Management Objectives and Policies

The Company's principal financial instruments are cash, trade and other receivables (excluding advances to employees), due from related parties, security deposits, trade and other payables (excluding advance rent and statutory payables), loans payable, lease liabilities and refundable deposits. The main purpose of these financial instruments is to raise funds for the Company's operations. It is the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the company's financial instruments are liquidity risk and credit risk. The general policies for managing each of these risks are summarized below:

Credit Risk

The Company's credit risk is primarily attributable to its cash in bank and trade and other receivables and due from related parties. The Company has adopted stringent procedure in extending credit terms to customers and in monitoring its credit risk.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation ad cause the other party to incur a financial loss.

Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values, or counterparty failing on repayment of contractual obligation; or inability to generate cash inflows as anticipated.

The Company manages liquidity through a liquidity risk policy which determines what constitutes liquidity risk for the Company; specifies minimum proportion oof funds to meet emergency calls; setting up contingency funding plans; specify the sources of funding and the vents that would trigger the plan, concentration of funding sources; reporting of liquidity risk exposures and breaches to the monitoring authority; monitoring compliance with liquidity risk policy and review of liquidity risk policy for pertinence and changing environment.

The Company maintains an adequate amount of cash and cash equivalents in the event of unforeseen interruption of its cash collection. The Company also maintains accounts with several relationship banks to avoid significant concentration of cash with one institution.

The aging of the receivables shows that the receivable as of March 31, 2024, of ₱214 million is adequately covered by the provisions.

17. OTHER MATTERS

Seasonality or cyclicality of interim operations

The revenues of the Company that are received seasonally, cyclically, or occasionally within financial year, if any were not anticipated or deferred as of an interim date, hence, such revenues are recognized when they occur.

The nature and number of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.

The Company has no items considered unusual because of their nature, size, or incidents that will affect assets, liabilities, equity, net income or cash flows for the period except as already disclosed in Financial Position section of this report, such as the deposit for subscription in accordance with the court-approved rehabilitation plan.

Issuances, repurchases, and repayments of debt and equity securities.

The Company did not issue, repurchase, and repay any debts and equity securities during the period under review.

Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

Item 2. Management's Discussion and Analysis and Plan of Operation

Management Discussion and Analysis

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with ouraudited financial statements and the related notes as at December 31, 2023 and 2022 included elsewhere in this Annual Report. This discussion contains forward-looking statements that reflect our current views with respect to future events and our future financial performance. These statements involve risks and uncertainties, and our actual results may differ materially from those anticipated in these forward-looking statements.

In the Company's Annual Stockholders' Meeting held on September 20, 2018, the stockholders approved and ratified the amendment to the Company's By-Laws pertaining to change of accounting period from a fiscal year starting July 1 and ending on June 30 the following to calendar year commencing on January 1 and ending on December 31 of the same year.

Financial Highlights

Segment Reporting

The Company's Statement of Income (Loss) is composed of different segments or lines of business that reflect its products, services and other endeavors. The segments are divided into Fixed Broadband, Information Technology Services and other initiatives which represent the broadband connectivity and IT solutions products offered to its customers, and the Company's other ventures.

	March 31, 2024				March 31, 2023			
(in '000 Philippine pesos)	**Broadband Services**	**IT Services**	**Others**	**TOTAL**	**Broadband Services**	**IT Services**	**Others**	**TOTAL**
REVENUES[1]	106,091	31,895	-	137,986	115,196	11,865	-	127,061
OTHER INCOME	-	-	1	1	-	-	6	6
	106,091	31,895	1	137,987	115,196	11,865	6	127,068
Core expenses								
SG&A[2]	76,213	7,300	-	83,513	75,010	12,163	-	87,173
Leased channel	3,444	-	-	3,444	2,900	-	-	2,990
Cost of sales	10,011	26.044	-	36,056	10,916	7,422	-	18,337
CORE EXPENSES	89,669	33,345	-	123,013	88,916	19,585	-	108,500
CORE EBITDA	16,422	(1,449)	1	14,974	26,281	(7,720)	(466)	18,567
CORE EBITDA %	15.48%	-4.54%	100.00%	10.85%	22.81%	-65.06%	100.00%	14.61%
Depreciation	10,882	1,035	-	11,916	17,660	1,679	-	19,339
Interest expense	903	114	-	1,017	983	124	-	1,106
CORE EARNINGS	4,637	(2,598)	1	2,040	7,638	(9,522)	6	
Non-core charges								
Penalties and fines	-	-	-	-	157	-	-	157
Rehab interest expense	-	-	852	852	-	-	8,421	8,421
NON-CORE CHARGES	-	-	852	852	157	-	8,421	8,578
TOTAL EARNINGS (LOSSES)	4,637	(2,598)	(852)	1,188	7,481	(9,522)	(8,415)	(10,455)
Income tax expense/benefit	-	-	-	-	-	-	-	-
NET INCOME (LOSS)	4,637	(2,598)	(852)	1,188	7,481	(9,522)	(8,415)	(10,455)

[1]Revenue allocation among segments has been adjusted in the prior years to improve comparability
[2]SG&A channel allocation among segments has been adjusted in the prior years to improve comparability

Broadband Business

The Fixed Broadband business is the Company's main segment which offers internet connectivity to subscribers. The Broadband business contributed 77% of the Company's total revenues by offering connectivity subscriptions to enterprise, residential, wholesale and carrier customers. For the three months ending March 31, 2024, broadband revenues decreased from ₱115.2 million to ₱106.1 million.

Expenses in Broadband business include sales and technical related costs, nodal related costs, taxes and permits incurred in saturating areas, and cost of sales and leased channel expense incurred to provide bandwidth across its subscribers. Profitability of Broadband business is steady at ₱16.4 million while, Core EBITDA margin slightly dipped from 26.3% to 16.4%.

Information Technology Services
Since its launch in 2019, the IT Services business has contributed revenues to the Company by offering software, hardware, systems and managed services to enterprise and public sector customers. Unlike the Broadband business which is subscription- based, the IT services products are mostly project-based which aims to create an end-to-end portfolio of IT solutions.

Expenses in IT Services business include sales and technical related costs and cost of sales incurred to be able to offer a wide variety IT solutions. Investments to fortify the business by growing its product offerings impacted on its Core EBITDA margin from -65.1% to -4.5%. However, Core EBITDA loss improved from (₱7.7) million to (₱1.4) million.

Other Initiatives
Other business initiatives of the Company include other income and expenses not directly related to Broadband and IT Services. Other income includes space rental income while expenses are mainly attributed to non-core charges related to its rehab exit such as recognition of the legal interest rate of 6% p.a. on unsettled obligations as directed by the Rehabilitation Court.

Financial Performance and Condition

Results of Operations (in '000 Philippine pesos)	**3 months ended March 31, 2024**	**3 months ended March 31, 2023**
REVENUES	137,986	127,061
OTHER INCOME	1	6
	137,987	127,067
Core expenses		
Selling, general and administrative expenses	83,513	87,173
Leased channel and interconnect cost	3,444	2,990
Cost of sales	36,056	18,337
CORE EXPENSES	123,013	108,500
CORE EBITDA	14,974	18,567
CORE EBITDA %	10.85%	14.61%
Depreciation and amortization	11,916	19,339
Interest expense	1,017	1,106
CORE EARNINGS	2,040	(1,878)
Non-core charges		
Non-core expenses (net of non-core income)	-	157
Rehabilitation-related interest	852	8,421
NON-CORE CHARGES	852	8,578
TOTAL EARNINGS (LOSSES)	1,188	(10,455)
Income tax expense/benefit	-	-
NET INCOME (LOSS)	1,188	(10,455)

Revenue
The Company, for the three months ending March 31, 2024, reported total revenues and income of ₱137.9 million, or an improvement of 9% as compared to the previous year's revenue of ₱127.1 million. For the three-month period ending March 31, 2024, operating revenues for broadband reached ₱106.1 million, a 9% decrease in operating revenue performance vs. last year. Activities for the broadband group included street level saturations on major nodes, optimization of existing infrastructure in commercial buildings and establishments and account management of existing subscribers.

Another key performance indicator known as monthly recurring revenue (MRR) per each data service circuit was steady at around ₱18,000 per circuit despite being diluted by the significant increase in the number of data circuits.

Cost and expenses
The Company's personnel related expenses for the three-month period ending March 31, 2024, amounted to ₱6 million compared to last year's level of ₱62.1 million as the Company prepares its workforce in sustaining growth in connectivity and IT services despite the ongoing pandemic.

Premises-related expenses decreased to ₱6.1 million from ₱8.6 million in the comparative period. Selling, general and administrative expenses also decreased from ₱16.4 million to ₱16 million, together with cost of sales from ₱18.3 million to ₱36.1 million. This decrease indicates the Company's ability to manage its expenses to support its growing business.

Profitability Performance
Faster growth in revenues vs core expenses resulted a core EBITDA of ₱14.9 million in 2024 and ₱18.6 million in 2023, pulling up the Core EBITDA margin to 10.9%. Depreciation and amortization decreased to ₱11.9 million vs. ₱19.3 million.

The Company's net income for the period ending March 31, 2024, is at ₱1.2 million, improving the net loss of the previous year due to higher revenues and tempered growth in expenses.

Financial Condition (in '000 Philippine pesos)	**March 31, 2024**	March 31, 2023
Current Assets	**405,029**	380,598
Non-current Assets	**726,426**	700,292
TOTAL ASSETS	**1,131,455**	1,080,890
Current Liabilities	**871,002**	1,584,219
Non-current Liabilities	**221,915**	9,056,231
Total Liabilities	**1,092,917**	10,640,450
Equity (Capital Deficiency)	**38,538**	(9,559,561)
TOTAL LIABILITIES AND CAPITAL	**1,131,455**	1.080,890

The Company's total assets amounted to ₱1.131 billion as of March 31, 2024. Cash is at ₱11.1 million, a decrease by ₱12.9 million or 54% as compared to March 31, 2023. Accounts receivable of ₱165.2 as of March 31, 2024, increased by ₱2.9 million or 2% as compared to March 31, 2023.

Trade and other payables increased by ₱49.2 million or 16% as of March 31, 2024. A major portion of this account is attributable to trade transactions with suppliers which resulted in total trade payables of ₱45.8 million as of quarter end. Finally, the other payables are generally due to related parties which represent non-interest bearing, unsecured and short-term Philippine currency denominated financing and advances to support the Company's working capital requirements as part of the approved rehabilitation plan of the Company.

Total deficit is at ₱11.7 billion, and the total equity is at ₱38.5 million.

The current ratio as of March 31, 2024, is at 0.46:1 as compared to March 31, 2023, of 0.24:1.

Plan of Operation

PT&T believes that information and communication technologies are the backbone of innovation. But no innovation can occurwithout the high-speed broadband network. The future of countries, businesses and individuals will depend more than ever on whether they embrace technology and many of those who stand to gain the most are not yet connected.

The Company holds an optimistic view on the Philippines' broadband industry through our efforts to improve coverage and spur subscriber growth. PT&T aims to expand coverage and upgrade its network infrastructure, which will help to cope with the growing demand and ensure that network congestion would be minimized.

The Philippines has made huge investments in the national broadband network and ramping up network modernization investments in order to take advantage of the huge data opportunities in a fast-growing nation. The Company continues to believe that the market can accommodate more players, which would be beneficial to innovations and long-term growth. Thelocal economy's remarkable momentum will continue to be fueled by strong sequential gains in investment activity and private consumption.

Innovation is increasingly based on digital technologies and business models, which can drive economic and social gains from ICT if channeled in a smart way. The way businesses adopt ICT is key for leveraging them for development, so encouraging businesses to fully embrace the powers of digital technologies is a priority of PT&T. The Company aims to step up efforts to invest in innovative digital solutions to drive economic growth and social impact. This will include building capabilities in cyber security, Internet of Things, and smart cities.

PT&T also aims to help shape the high-speed internet connection as a true and open platform and as a driver of economic development and social progress.

In order to achieve these objectives, the Company has several projects lined up which will expand PT&T's capability to provide telecommunications services throughout the country.

PT&T is currently serving Metro Manila and the nearby CALABARZON. In order to increase its subscribers' base, PT&T is in the process of completing its plan to expand its existing telecommunications network. The network expansion will initially focus on key cities in the National Capital Region, CALABARZON, and parts of Northern Luzon. Once fully implemented, the expanded network will be capable of servicing at least 40% of the Philippine population.

The network expansion will include the deployment of massive fiber optic infrastructure to support all network services and capacities. It will also provide a Full IP Network based on the latest Service Oriented Network Architecture and Self-Service Oriented Network Architecture.

PT&T also entered into a service agreement with entities designated to implement the government's project to provide Public WiFi Services in several provinces. Under these agreements, PT&T will provide the required infrastructure allowing it to commercialize the excess capacities out of the said infrastructure. This arrangement will enable PT&T to establish 9,000 points of presence throughout the Philippines and the commercial WiFi services will then be offered as an "add-on" to PT&T's product portfolio to serve residential and enterprise clients.

The Company plans on building its nationwide backbone to support its objective to provide a nationwide wholesale and retail service including the capability to provide mobile services in the future. This project involves the deployment of in-land (terrestrial) and off-shore (submarine) networks connecting all major islands throughout the Philippine archipelago. Full IP Network based on the latest Software Defined Network will be used.

Lastly, despite the rapidly evolving technology, PT&T is still keen on its interests to provide mobile services in the Philippinessince the smartphone penetration continues to grow and the advent of 5G technology provides an ability for PT&T to enhance various applications.

PT&T is likewise exploring and studying the latest network concepts in implementing "virtualization" of network componentsinto data centers. This will expectedly reduce the numbers of network elements deployed throughout the country and will substantially reduce costs and implementation period.

As of March 31, 2024, the Company has a total of 225 employees and the Company estimated that the said number will increase to 265 by the end of 2024. As the Company commences the expansion of its operations, it expects to further increase its manpower complement.

Key Financial Performance Indicator

Key Performance Indicators	Three months ended March 31, 2024	Three months ended March 31, 2023
Net income (loss) (in '₱ '000)	1,188	(10,455)
Core EBITDA[1] (in '₱ '000)	14,974	18,567
Core EBITDA %	10.85%	14.61%
Operating Revenue Growth	1.09%	1.06%
Operating Revenue (in '₱ '000)	137,986	127,061
Number of Active Circuits	1,858	2,106
ARPU (in ₱)	20,663	17,985
Recurring Revenue (in ₱)	106,091	113,631

[1]*Non-core items include fees for the rehab-related initiatives.*

<u>Net income</u>

Net income is a key performance metric that indicates how well the Company performed after all costs of the business have been considered.

The Company reported a net income of ₱1.8 million for the 1st quarter of 2024 compared to a net loss of ₱10.5 million last year. Tempered growth in expenses and faster growth in revenues positively impacted the Company's net earnings.

<u>Core EBITDA and Core EBITDA Margin</u>

Core EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) is calculated as operating revenues and income less operating expenses attributable to the core business of the Company. Non-core expenditures pertain to those that are not related to the core business of the Company but are connected to improve PT&T's financial condition (e.g., rehab-related expenses, SEC fees for increase in capital stock for rehab exit, etc.). This metric provides an indication how well the core business of the Company is performing before considering those initiatives being subsidized by operations. Core EBITDA has been adjusted for prior years to reflect changes in accounting standards to improve comparability.

Core EBITDA performance decline from ₱18.6 million to ₱14.9 million, leading to a corresponding reduction in Core EBITDA margin from 14.6% to 10.8%.

<u>Operating Revenue Growth</u>

Revenue growth provides an indication on how well the Company generates revenue to support its operations and initiatives versus the comparative period.

The Company has achieved positive revenue growth for the 1st quarter of 2024. This is due to higher IT Services deals that were closed during the period. Nevertheless, there is a prevailing expectation for improvement in this regard, driven by the imperative necessity to bridge the technological gap through enhanced connectivity and advanced IT solutions.

<u>Number of billable/active circuits</u>

Number of billable/active circuits pertain to the number of subscription lines or customers in the PT&T network.

The number of subscribers decreased slightly by 12% due to the implementation of stricter automatic disconnection due to non-payment. Enterprise subscribers comprise 66% of subscribers and are the main source of fixed broadband revenue.

<u>Average revenue per unit (ARPU)</u>

Average revenue per unit measures the recurring revenue generated for each circuit connected to the PT&T network. This is computed by dividing the recurring revenue for the period by the average number of active circuits and then dividing the resulting amount by the number of months in the period.

In the 1st quarter of 2024, the Company's ARPU grew indicating an increase in the value of newly acquired subscribers the Company saturates its wholesale subscribers.

Other Events

A.) Any known trends, demands, commitments, events, or uncertainties that will have a material impact on the issuer's liquidity.

The Management has no knowledge of any known trends, demands, commitments, events, or uncertainties that will have a material impact on the company's liquidity except as those disclosed in Tax Liabilities and Financial Position and other sections of this report and in SEC Form 17-A previously submitted.

B.) Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures

Other than the Clarification of News Reports submitted to PSE under Disclosure Form 4-13 and SEC Form 17-C dated October 12, 2017 wherein the company clarified its intention of regaining its status as a major telecommunications company, expanding its existing business across the country, and looking for strategic partnerships, the Management has no further knowledge of any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of the funds for such expenditures.

C.) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

Other than the explanation under item (B) above, the Management has no further knowledge of any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations, and except also as those further disclosed in Results of Operations section of this report and in SEC Form 17-A previously submitted.

D.) Any significant elements of income or loss that did not arise from the issuer's continuing operations.

The Management has no knowledge of any significant elements of income or loss that did not arise from the Company's continuing operations.

E.) Any seasonal aspects that had a material effect on the financial condition or results of operations.

The Management has no knowledge of any seasonal aspect, events or uncertainties that will have a material impact on the Company's financial position or operation except as those disclosed in Financial Position and Results of Operations and other sections of this report and in SEC Form 17-A previously submitted.

F.) Whether or not the Company is having or anticipates having within the next 12 months any cash flow or liquidity problem.

Please refer to Item G.

G.) Whether or not the Company is in default or breach of any note, loan, lease, or other indebtedness of financing arrangement requiring it to make payments.

Please refer to Part II – Other Information.

H.) Whether or not a significant amount of the Company's trade payables has not been paid within the stated trade terms

Please refer to Item G.

Impact of COVID-19 to the company's operations

As disclosed to the SEC and PSE last March 13, 2023, PT&T is business as usual despite the community quarantine brought upon by COVID-19. The company ensures continuous and uninterrupted delivery of services to existing and potential clients,despite the circumstances. PT&T has taken additional measures to ensure that all stakeholders –clients, employees, and partners alike– are not exposed to unnecessary or additional risk.

Management has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

The impact of COVID-19 on future performance and therefore on the measurement of some assets and liabilities or on liquidity might be significant and might therefore require disclosure in the financial statements, but management has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

PART II - OTHER INFORMATION

In accordance with the Rehab Order dated April 1, 2011, PT&T is undertaking the rehabilitation certain details of which are discussed below:

A. Conversion to equity of all debts/liabilities not categorized as statutory obligations and DIP financing [item of Order]:

(i.) In accordance with the approved Rehabilitation Plan, the liabilities of the Company that are to be settled by way of its conversion to Serial Redeemable Preferred Shares has been lodged as part of non-current liability representing "deposit for subscription". The Company will be implementing the debt-to-equity conversion mandated under the Rehabilitation Plan in several tranches and only after securing the Deeds of Assignment from the creditors. In instances where the amount of liabilities that were recognized in the rehabilitation proceedings are being challenged, the creditor-shareholders may be entertained by the Company for proper reconciliation of the numbers.

(ii.) Pursuant to the approved Rehabilitation Plan, statutory obligations may be settled out of the proceeds of the sale of the Company's assets. For this purpose, the Rehabilitation Court issued an Order allowing the Company to sell its assets and use the proceeds of the sale to settle the Company's statutory obligations.

B. Disclosures and Clarifications submitted to PSE and SEC during the quarterly period covered by this Report.

In addition to previous disclosures and clarifications made to the PSE and SEC in the 3rd quarterly report ending September 31, 2023, the Company submitted the following applicable disclosures and clarifications using the required disclosures forms during the 1st quarter covered by this report:

(i) Disclosure under SEC Form 17-C and PSE Disclosure Form 16.1 – Update on Corporate Actions/Material Transactions/Agreements submitted on March 26,, 2024.

(ii) Disclosure under SEC Form 17-C and PSE Disclosure Form 4-8 – Change in Directors and/or Officers (Resignation, Removal, Appointment, Election and/or Promotion) submitted on January 29, 2024.

(iii) Disclosure under SEC Form17-C and PSE Disclosure Form 4-24 – Results of Annual or Special Stockholders' Meeting – submitted on January 05, 2024.

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.

By: **PT&T CORP.**
Issuer

KENNETH JOEY H. MACEREN
Corporate Secretary

14 May 2024

CONCEPCION D.S. ROXAS
OIC - Chief Finance Officer

14 May 2024

PT&T CORP.
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES FOR THE QUARTER ENDED MARCH 31, 2024

Supplementary Schedules:

*These schedules, which are required by Revised SRC Rule 68, have been omitted because they are either not required, not applicable or the information required to be presented is included/shown in the related financial statements or in the notes thereto.

SCHEDULE I
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION

As of March 31, 2024

PT&T CORP.
Spirit of Communications Center, 106 C. Palanca Street, Legaspi Village, Makati City

	Amount
Deficit, beginning of reporting period	(₱11,664,967,762)
Add: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	3,600,911
Retained earnings, as adjusted to available for dividend distribution at beginning of year	(₱11,661,366,851)
Net income closed to retained earnings during the year	1,188,015
Movement in deferred tax assets during the year	–
Cash dividends declared	–
Total retained earnings available for dividend declaration at end of year	(₱11,660,178,836)

SCHEDULE II

PT&T CORP.

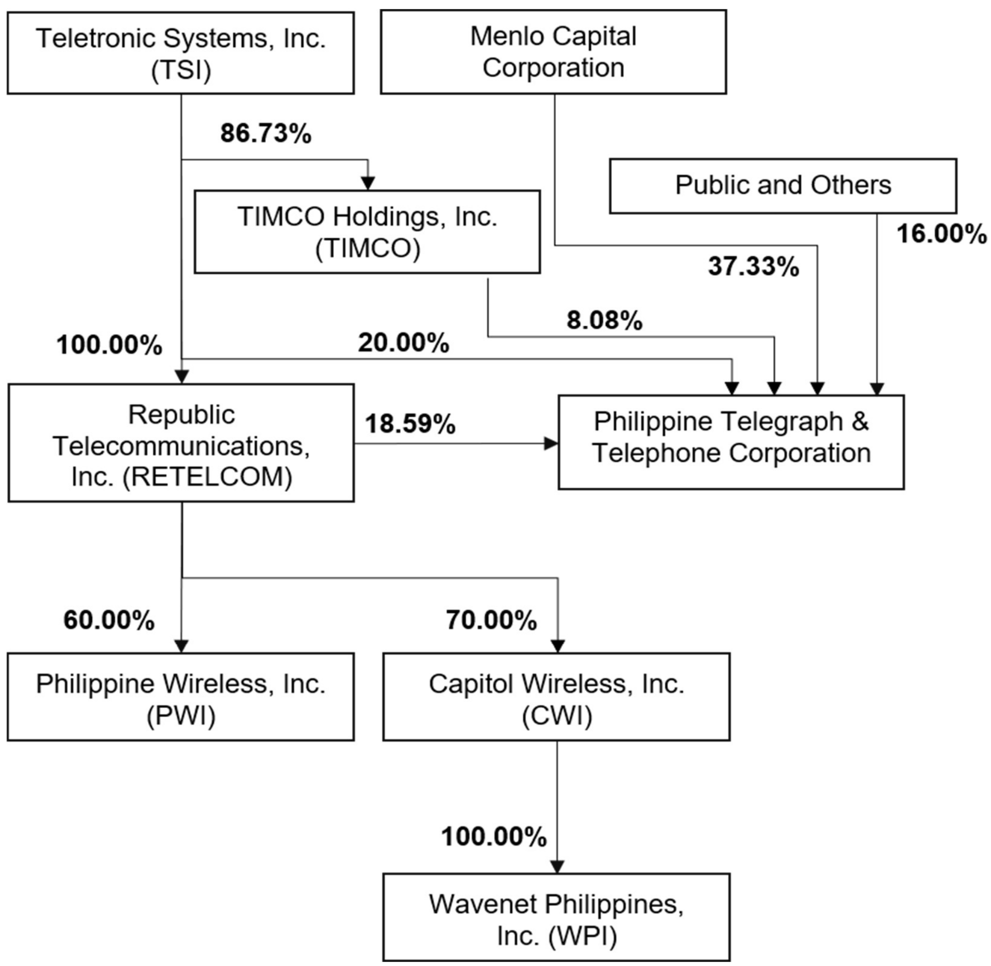
SCHEDULE SHOWING FINANCIAL SOUNDNESS

PURSUANT TO REVISED SRC RULE 68

		As at	
Ratio	**Formula**	**2024**	2023
Liquidity Ratio:			
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets 405,029,077 Divide by: Total Current Liabilities 871,002,179 Current ratio 0.47	**0.47:1**	0.24:1
Quick ratio	Quick Assets (*Cash add Receivables – net*) divided by Total Current Liabilities Quick Assets 176,275,384 Divide by: Total Current Liabilities 871,003,179 Quick ratio 0.20	**0.20:1**	0.12:1
Solvency Ratio:			
Debt ratio / Debt-to-asset ratio	Total Liabilities divided by Total Assets Total Liabilities 1,092,917,451 Divide by: Total Assets 1,131,455,447 Debt-to-asset ratio 0.97	**0.97:1**	9.84:1
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities 1,092,917,451 Divide by: Total Equity 38,537,996 Debt-to-equity ratio 28.36	**28.36:1**	(1.11):1
Asset-to-equity ratio	Total assets divided by Total Equity Total Assets 1,131,455,447 Divide by: Total Capital Deficiency 38,537,996 Asset-to-equity ratio 29.36	**29.36:1**	(0.11):1
Interest Rate Coverage Ratio:	Earnings Before Interest, Taxes and Depreciation and Amortization (EBITDA) divided by Interest Expenses EBITDA 13,956,898 Divide by: Interest Expenses 852,419 Interest rate coverage ratio 16.37	**16.37:1**	2.65:1

Ratio	Formula	As at 2024	2023
Profitability Ratios:			
Return on assets	Net Loss divided by Average Total Assets (*Total Assets as of March 31, 2024 add Total Assets as of March 31, 2023 divided by two)* Net Income (Loss) 1,188,015 Divide by: Average Total Assets 1,106,172,192 Return on assets 0.11%	**0.11%**	(0.96%)
Return on equity	Net Loss divided by Average Total Capital Deficiency (*Total Equity as of March 31, 2024 add Total Capital Deficiency as of March 31, 2023 divided by two)* Net Income 1,188,015 Divide by: Avg. Total Capital Deficiency (4,760,511,362) Return on equity 0.02%	**0.02%**	(0.11%)
Gross profit margin	Gross Profit (*Revenues less Cost of Sales*) divided by Revenues Gross Profit 111,942,073 Divide by: Revenues 137,986,431 Gross profit margin 81,1%	**81.1%**	94.5%
Activity Ratio:			
Asset turnover	Revenues divided by Average Total Equity (*Total Equity as of March 31, 2024 add Total Capital Deficiency as of March 31, 2023 divided by two)* Revenues 137,986,431 Divide by: Avg. Total Capital Deficiency (4,760,511,362) Asset turnover (0.03)	**(0.03):1**	(0.01):1

SCHEDULE III
PT&T CORP.
A MAP SHOWING THE RELATIONSHIP
BETWEEN AND AMONG
THE COMPANY AND ITS ULTIMATE PARENT COMPANY,
MIDDLE PARENT AND ITS CO-SUBSIDIARIES
PURSUANT TO REVISED SRC RULE 68
As at March 31, 2024



SCHEDULE IV

PT&T CORP.

SCHEDULE A

FINANCIAL ASSETS

MARCH 31, 2024

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received and accrued

NOT APPLICABLE

PT&T CORP.
SCHEDULE B
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIESAND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
MARCH 31, 2024

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period

NOT APPLICABLE

PT&T CORP.

SCHEDULE C

AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

MARCH 31, 2024

NOT APPLICABLE

PT&T CORP.
SCHEDULE D
LONG-TERM DEBT
MARCH 31, 2024

Name of issuer and type of obligation	Total Outstanding Balance	Amount shown under caption "Current portion of long-term debt"	Amount shown caption "Long-term Debt"
Car Loans:			
Philippine Savings Bank	**2,008,177**	**2,008,177**	**-**

PT&T CORP.
SCHEDULE E
INDEBTEDNESS TO RELATED PARTIES (LONG - TERM LOANS FROM RELATED COMPANIES)
MARCH 31, 2024

Name of the Related Party	Balance at beginning of period	Balance at end of period
None	-	-

PT&T CORP.
SCHEDULE F
GUARANTEES OF SECURITIES OF OTHER ISSUERS
MARCH 31, 2024

Name of the issuing entity of securities guaranteed by the company for which the statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is lifted	Nature of guarantee

NOT APPLICABLE

PT&T CORP.
SCHEDULE G
CAPITAL STOCK
MARCH 31, 2024

Title of Issue	Number of Shares Authorized	Number of shares issued and outstanding as shown under related financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common shares	**1,500,000,000**	**1,500,000,000**	**–**	**1,162,500,000**	**1,337,500,300**	**-**
Serial Redeemable Preferred Shares	**230,000,000**	**71,636,358**			**71,636,358**	
Series (A,B,C) Redeemable Preferred Shares	**8,800,000,000**	**8,709,572,093**	**–**	**2,225,427,809**	**-**	**6,487,144,284**