



Republic of the Philippines
Securities and Exchange Commission
SEC Bldg. EDSA, East Greenhills
Mandaluyong City, Metro Manila
Tel: (632) 584-0923 Website: www.sec.gov.ph

NOTICE

The Commission is in the process of reviewing the proposal of Pastra.Net, Inc. to operate PASTRA Electronic Direct Registry (PASTRA EDR).

PASTRA EDR is an electronic platform connecting all the data bases of all Transfer Agents (TAs) which will enable, among others, the latter to register securities in uncertificated or in certificated form directly and electronically by using a centralized inputting procedure. In effect, PASTRA EDR will operate a Name-On Registry (NOR) of securities where securities will be registered in the name of the investor in the Stock and Transfer books of issuers in uncertificated form.

For this purpose, the Commission is soliciting comments from market participants and interested parties on this proposal.

Please submit your comments to Director Vicente Graciano P. Felizmenio, Jr., Market and Regulation Department, 6th Floor, SEC Building, EDSA, Greenhills, Mandaluyong City, not later than 12:00 noon, April 11, 2013. You may also submit your comments electronically through this e-mail address: mrd@sec.gov.ph.

Exhibit A

Business and Operational Model

The Philippine Association of Stock Transfer and Registry Agencies Inc. (PASTRA) and PASTRA.NET INC. (PNI)

Business Mission

To contribute to the growth of the country's capital markets through the delivery of the world class share registration services.

PastraElectronic Direct Registry System (PastraEDR)

Narrative description of PastraEDR

PastraEDR

- NAME-ON-REGISTRY (NOR) - securities are registered in the name of the investor in the stock and transfer books of the issuer in uncertificated form or without the need of a stock certificate. This is the Philippine version of the US Direct Registration System (DRS).
- PastraEDR is basically an electronic platform connecting all the data bases of all Transfer Agents (TAs) which will enable among others the latter to register securities in uncertificated or in certificated form directly and electronically by using a centralized inputting procedure. The TAs' data sources will remain where they are. It is very much similar to Bancnet, Megalink or Expressnet.

Graphical description of PastraEDR

The PastraEDR

The Pastranet Online

PastraEDR is basically an electronic platform connecting all the data bases of all STAs which will enable among others the latter to register stock transfers in certificated or uncertificated form directly and electronically by using a centralized inputting procedure. The STA's data sources will remain where they are. It is very much similar to Bancnet, Megalink or Expressnet.

Bancnet, Megalink or Expressnet are for banks. PastraEDR is for issuers/STAs.

Exhibit B

**Salient Features of the New PastraEDR Business Model
and
Effect on the current Clearing and Settlement Environment**


Salient Features of the New PastraEDR Business Model

- The PastraEDR system is designed to make a distributed system like the Transfer Agents data appear as one Electronic Database or as a Virtual Stock Transfer Agent/Registrar. The PastraEDR will allow these data to be accessed securely and efficiently thru one access point, via the PastraEDR. ***The PastraEDR will not hold, maintain, process or record transfer agent data. Maintenance, processing and recording of data shall be at the stock transfer agent's back end system.***

It is basically an electronic platform connecting all the databases of all transfer agents creating a Virtual Central Registry for all listed issues while the transfer agents' data sources will remain where they are. It is very much similar to Bacnet, Megalink or Expressnet.

The investor with certificated shares may directly or through his/her/its broker/s surrender the certificates to the TA for conversion into scripless shares in the name of investors in the books of the corporation. For purposes of trading of the shares, the investor must convert his/her/its certificated shares in scripless form and shall be placed under the Broker Controlled Account (BCA) Facility where the scripless shares are registered in the books of corporation in the name of the investor care of his/her/its broker/s. Hence, there is no longer a need to register the shares in the name of the PCD Nominee Corporation (PCNC) in the corporate books.

- It serves as an electronic communication medium between brokers and transfer agents that conveys the investor's instructions.
- It enables the transfer agents to register transfers or movement of both certificated and scripless shares directly and electronically by using a centralized inputting procedure.
- It assigns a unique Investor Identification Number (IIN) to an investor across all listed issues.
- Dividends and other corporate notices and actions shall be directly delivered by the transfer agent to the investor. Hence, it will eliminate delays in the delivery of the dividends and notices to the shareholders.
- Investor and broker could access or inquire their accounts via the internet anywhere and anytime 24 x 7 across all issues by logging on at Pastranet website, www.pastranet.com and later via SMS.
- With the BCA Facility there will be transparency of trades needed in the Philippine capital market. The exchange trades of the investor through his broker/s shall be recorded in the books of the corporation. The date of transaction/s, issue and number of shares traded, name of the broker/s of the investor's along with the name of investor shall be registered in the books of the corporation.
- Brokers have no monthly maintenance or subscription fees.
- The full automation and simplification of the registration process from the time of trading will help develop the capital market and make it ready for delivery vs. payment, Straight Through Processing (STP) and cross border trading.



- This will give investors, both nationwide and globally, the confidence, protection and convenience of electronic registration.
- Investors, issuers, transfer agents, brokers, banks, and regulators like SEC, BSP and Anti-Money Laundering Council (AMLC) can use the system.

EFFECT ON THE CURRENT CLEARING AND SETTLEMENT ENVIRONMENT

There shall be NO effect on the current clearing and settlement environment since PastraEDR is post settlement. Clearing and settlement of exchange trades in the Securities and Clearing Corporation of the Philippines (SCCP) shall still be done with or through Philippine Depository and Trust Corporation (PDTC). The entries at the Broker's Back-end System shall be the same, to wit:

Broker's Back-end Record:

Registration of Bought Shares:

| | |
|--------------------------------------|-------------|
| Name of Buying Investor | xxxx |
| <u>PCD Nominee Corp (Due Broker)</u> | <u>xxxx</u> |

Selling:

| | |
|-----------------------------------|-------------|
| <u>PCD Nominee (Due Clearing)</u> | <u>xxxx</u> |
| Name of Selling Investor | xxxx |

Exhibit C

Non-exclusivity

Enrollment to PastraEDR through the stock transfer agent is at the option of the Issuers.

Exhibit D

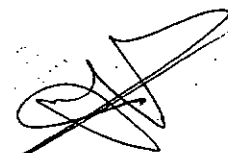
Target securities Instrument

All equities whether listed or not listed with the Exchange may be enrolled with PastraEDR.

Exhibit E

Target Participant

All PASTRA members and non-member transfer agents and broker dealers.



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Exhibit F

Proposed Rules and Procedures and/or Operation Procedures of PastraEDR

We attach the PNI Rules and Regulations

Exhibit G

Identification and Description of any qualifications or criteria that have the effect of denying or limiting access or use by any person, including broker dealer and custodian participant or their clients, of the system.

(If in the rules and procedures already, please quote the specific provision/s).

Rule3 General Principles

Section 2. Enrollment Obligations. All enrollees of the EDR represent that they are of legal age and have legal capacity under the laws of the Republic of the Philippines. Enrollees and members alike shall also: (a) provide true, accurate, current and complete information as prompted by the Service's enrollment form (such information being the "Enrollment Data") and (b) promptly notify the EDR to update the Enrollment Data to keep it true, accurate, current and complete.

Exhibit H

Identification and description of fair procedure for disciplining participants and the penal and/or schedule of sanctions, including suspension and expulsion of participants.

(If in the rules and procedures already, please quote the specific provision/s).

Rule3 General Principles

Section 2.

If an enrollee or a member shall provide any information that is untrue, inaccurate, outdated or incomplete, or when the EDR has reasonable grounds to suspect that such information is untrue, inaccurate, outdated or incomplete, the EDR has the right to suspend or terminate the account or refuse any and all current or future use of the Service.

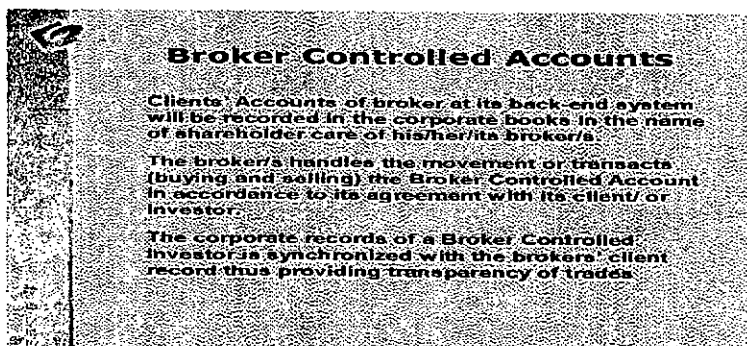
Exhibit I

Identification and description of procedures (and system to be used, if any) to prevent and/or detect fraudulent and manipulative acts and practices.

(If in the rules and procedures already, please quote the specific provision/s)

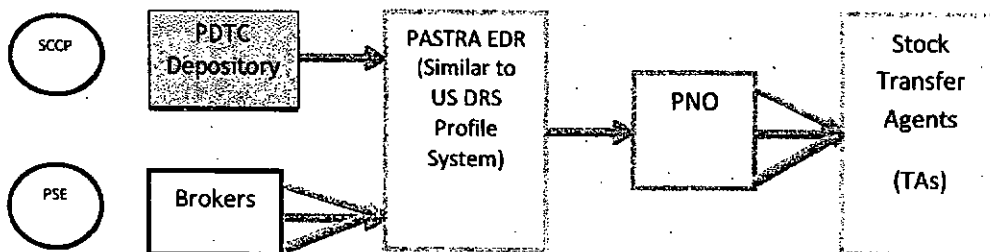
PNI does not keep any trading data of investors. PastraEDR is a network of stock transfer agents as member and associate members. Hence, it shall not be in a position to detect or to prevent fraudulent and manipulative acts and practices. The trading data sources of investors remain with the respective members and associate members who shall be in a position to detect such fraudulent and manipulative acts and practices.

Detailed Narrative and Description of PastraEDR System



PastraEDR System

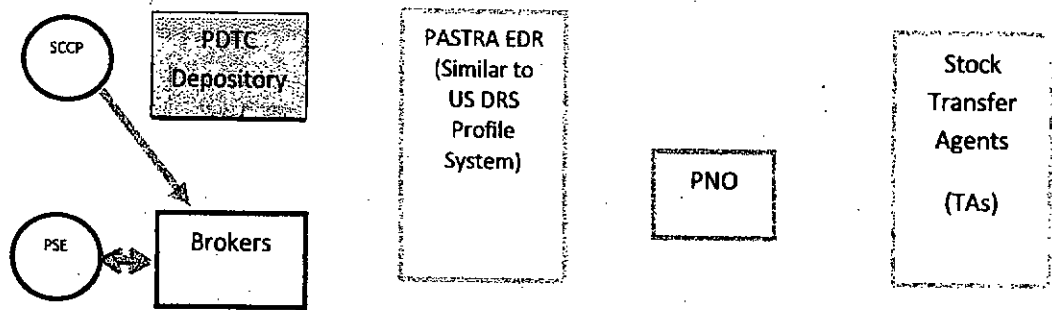
1. INITIAL CONVERSION: Conversion of issues held by the PDTC Depository will be by ISSUE following the proposed conversion plan submitted to SEC. On conversion, the objective is to put a name (Transfer Agent "TA" validated beneficial owner, or broker supplied client name and acct. No., or broker supplied anonymous account No. or under the name of the Broker-if ownership is not established by broker) on the PDTC Depository held issues. The converted shares will be booked as broker controlled accounts with name on or account no. on registry. The jumbo certificate or "scripless book entry" will be cancelled in favor of the named owner or account no. (as reported by the Broker) and put under Broker Controlled accounts. The total Broker Controlled shares held by each broker for converted issues are updated at the PDTC via the PastraEDR (similar to the US DRSPROFILE System. At this point, the Brokers and TA are synchronized at the Broker Controlled account level (named owner, account no., issue, quantity, nationality) while the PDTC and TAs are synchronized at the broker controlled account level (total issue and nationality per broker level only)



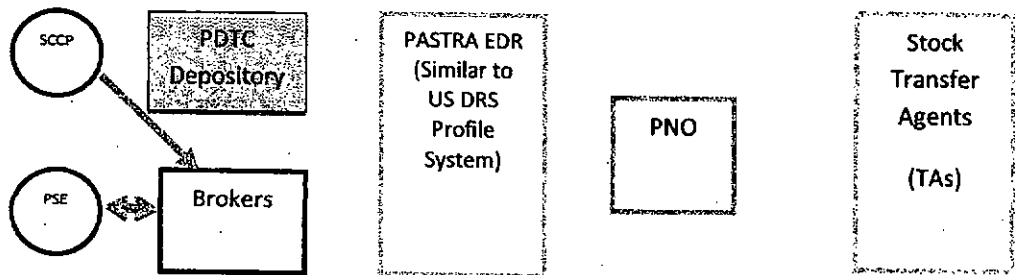
Note: PNO is the PastraNet Online system infrastructure providing shared network connectivity and security between TAs and authorized entities (PDTC, Brokers, Enrolled shareholders)

DAILY OPERATIONS after conversion and synchronization:

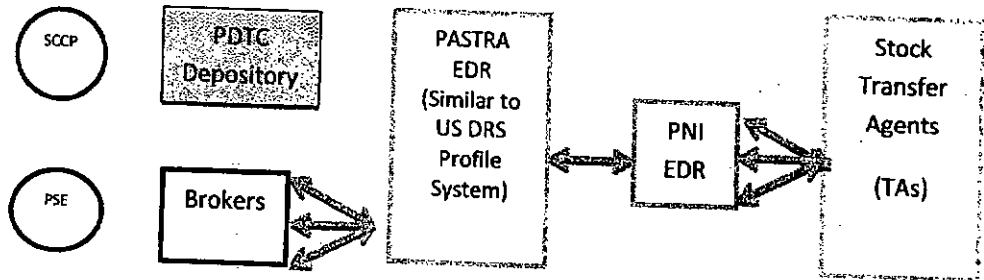
1. **SALE:** After a broker sells Broker Controlled shares of his customer, the broker will receive his days trade report from the PSE and obligation report from the SCCP. The obligation report will include net summary of his "deliveries and entitlement" per issue per nationality for the trading day for clearing and settlement on T+3.



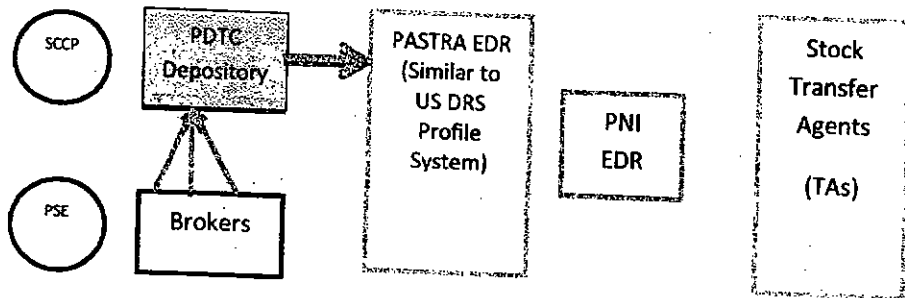
2. **BUYING:** When a broker buys on behalf of his customer the broker will receive his days trade report from the PSE and obligation report from the SCCP. The obligation report will be a net summary of his "entitlement (buying)" per issue per nationality for the trading day.



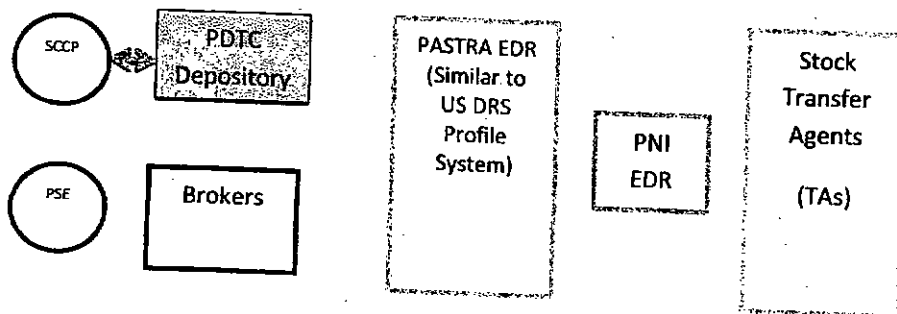
3. T+0 to T+2: Broker will send his "Delivery worksheet" to the TAs via the EDR. The delivery worksheet will contain the Client account no., Issue, Quantity of shares sold or bought. This report will be cascaded to the TAs to "lock-in" the broker controlled accounts for "delivery" by the brokers to the Brokers Delivery Account at SCCP at T = 3. The proper response (valid or invalid*) will be sent back by the TAs via the PastraEDR. Invalid response may be "account does not exist", insufficient shares, or other exceptions which needs to be corrected before T+3.



4. T+3 SETTLEMENT with SCCP: On T+3 the brokers will deliver the shares to the Broker Delivery accounts at SCCP for settlement using their access to the PDTC Depository as recorded in their obligation report for that settlement day.

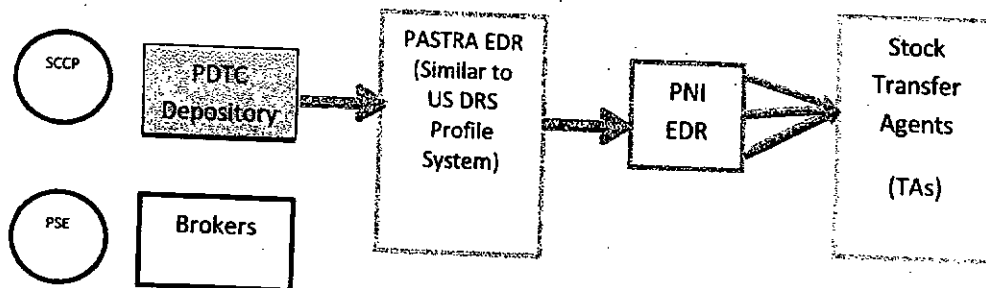


5. SCCP DVP: On T+3 SCCP will execute DVP clearing and settlement after which the balances of the Broker-SCCP Clearing accounts after completion of settlement by SCCP are swept back to the broker accounts in the PDTC Depository accounts.

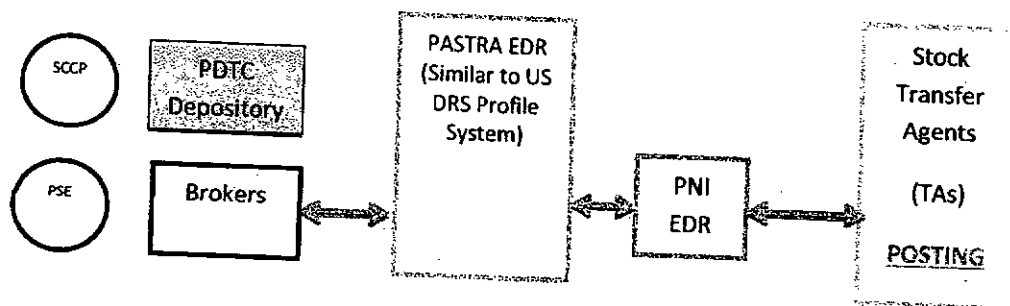


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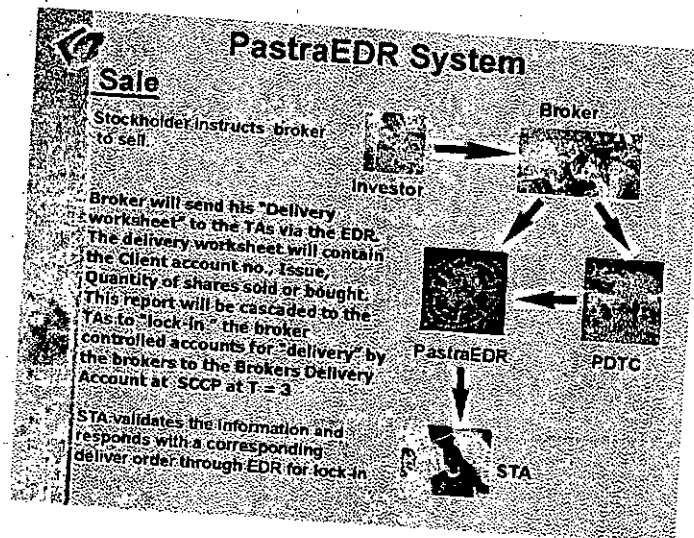
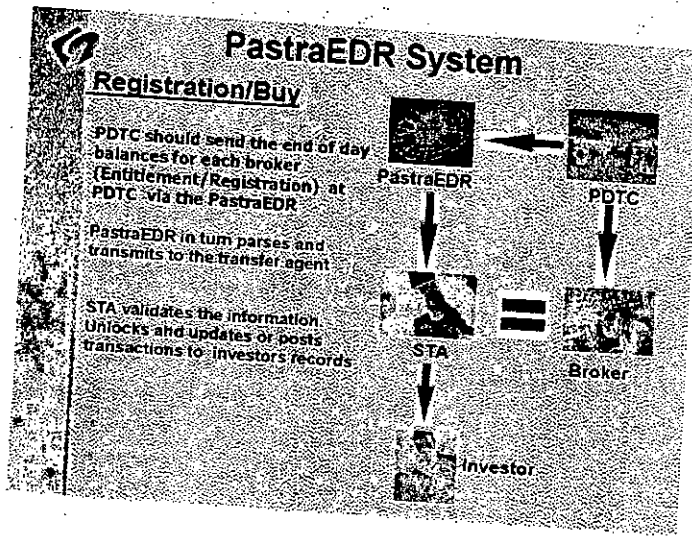
6. END OF DAY WITH PDTC: PDTC should send the end of day balances for each broker (Entitlement/Registration) at PDTC via the PastraEDR. It should match the end of day balances projected by the EDR for each broker controlled account. Should there be any discrepancy, it will be detected and should be resolved between the Broker, TA and PDTC. Note: The Broker balances at the PDTC should include all issues including those which are held by SCCP as collateral or other classification.



7. POSTING AT THE TA BOOKS OF THE CORPORATION: after receiving a balanced End Of Day file from the PDTC, the TAs will post ("cancellation & transfer) issues between broker controlled accounts based on the settled delivery worksheet data. Brokers will then synchronize their broker controlled balances with each TA.



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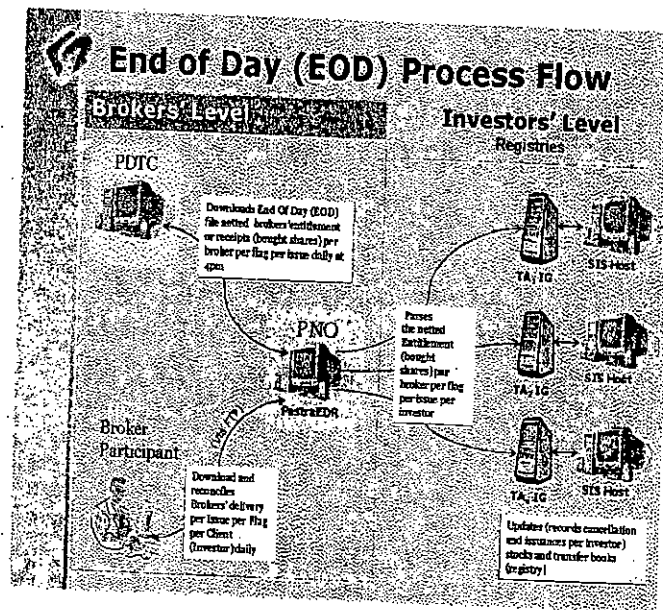
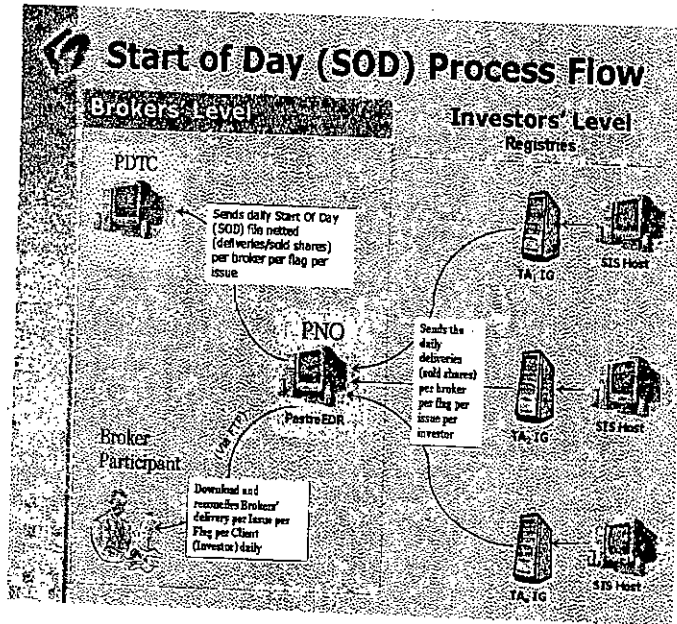


Exhibit L

Business Continuity and Disaster Recovery Plan

PNI has identified the following types of events that can cause disruption of the EDR system.

- Human-made disasters - sabotage, error
- System failure - power outage, drive failure, O/S crash lock
- Natural disasters - fire, flood, earthquake

In its effort to protect the **CONTINUITY** and **AVAILABILITY** of the EDR System, PNI continually puts in place IT system security policies and procedures. This is **work-in-progress**.

Since EDR system provides online web services, PNI's main consideration is always to have access to the internet. The need to ensure that the site is always available is critical especially when EDR is in its full operation. It is therefore imperative for PNI to have at least two (2) telco providers. If primary internet link fails, then there is still access via the fail-over link.

VAA further advises PNI, that once EDR is fully operational, Management should undergo **cyclic compliance reviews** and re-assessments.

Risk Management Manual and Internal Control Procedures

PNI had obtained Valdes, Abad and Associates (VAA) services for identifying the risks that EDR system will likely encounter upon its initial deployment.

Knowledge of risk factors does not mean that PNI will be confident that the EDR system will run smoothly.

PNI is committed to continually follow good practices on IT security management to at least maintain an acceptable risk level.

1. After the risk assessment, management will focus on its IT plan, policy, and documentation to make security an acceptable level.
2. The management will conduct periodic security risk assessment and re-assessment, or in between periods whenever deemed necessary.
3. The management shall clearly define and assign security responsibilities to involved personnel.
4. The management shall keep in pace with security technology and market trends.
5. Then management shall lead in promoting security awareness to foster staff commitments.
6. The management shall provide security skills and training for staff.
7. The management shall maintain a security incident handling and reporting procedure.
8. The management shall monitor and review the security practices and configuration on an on-going basis.
9. The management shall conduct periodic security audits to evaluate the existing security measures.

Exhibit N

Insurance Plan

As part of management's risk policy, PNI will annually evaluate the extent and coverage of insurance to lessen the cost impact of damage from disaster.

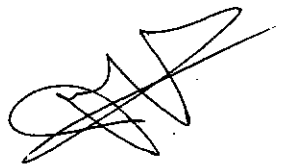
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Exhibit P

Detailed Plan of Operation and Economic justification for Operating of PastraEDR

Organizational Plan

The PastraEDR System will be operated by Pastra.Net, Inc. It will be governed by the Board of Directors and will be reporting to the Chairman through the PNI President/CEO.

Operational Plan

Pastranet is a shared network system that will serve as a "one stop financial kiosk" for investors. This integrates the databases (both certificated and scripless recorded under PastraEDR) of all Stock Transfer Agents (STAs) of which each STA has separately full control and jurisdiction.

The network will serve as their front end thereby creating a virtual common registry [Virtual Database] that can be accessed through the internet, mobile devices or other terminals.

Pastranet is a demonstration of PASTRA's unparalleled ability to adapt to changing markets in an expedient and responsible manner. It is an evolution that is definitely beneficial for the Philippine's capital market.

PastraEDR is an exciting upgrade to the services that PNI offers to the investing public. The objective of PastraEDR is to provide investors with the benefit and peace of mind of having securities registered in their names directly in the books of the transfer agent while maintaining the convenience afforded by electronic trading. PastraEDR will provide investors with the option of retiring their paper certificates with the transfer agent since the electronic registration will serve as proof of ownership.

Economic Justification

The PastraEDR System presents an opportunity to expand the Philippine equities markets by including regional and global investors. Using PastraEDR, small investors residing outside of metro manila can easily participate in the Philippine equities market, as they no longer will be required to deliver physical certificate before trading. PNI will position PastraEDR to meet the challenges of cross-border trading and integration with the global equity markets. PNI hopes to serve both its issuers and investors as well as brokers by doing its share in developing broader and deepen markets by providing registration services that are convenient and secure.

Risk Reduction and Operational Efficiency

PastraEDR is mainly for investors' protection, transparency of the PSE trades and reduction of systemic risks. Investors could access their shareholdings across all issues 24x7 via the internet. PastraEDR is ready for Straight Through Processing (STP) that is from the registry to the trading floor, to clearing and settlement house and back to the registry with minimal manual intervention.

Under PastraEDR, the broker's records are duplicated or synchronized with the stock transfer book of the corporation. The issue traded, number traded securities, date of the trade, the parties to the trade and the broker who handled the trade shall be transparent to the investors, issuers,, brokers, other market participants and if required to the regulatory bodies such as SEC, AMLC, BIR, BSP and Insurance Commission to name some

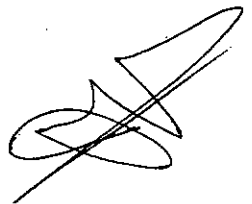


Exhibit R

Proposed Schedule of Fees and Charges.

PNI shall not imposed any transfer fee to the Investor. The PNI fee shall be a percentage of the Stock Transfer Agent Transfer Fee that was approved by SEC on 04 April 2005, to wit.

"One(1) basis point based on NET TRADE or P60.00, whichever is higher (per buy and sell)"



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Exhibit S

Organizational and Functional Chart of Pastra.Net, Inc.

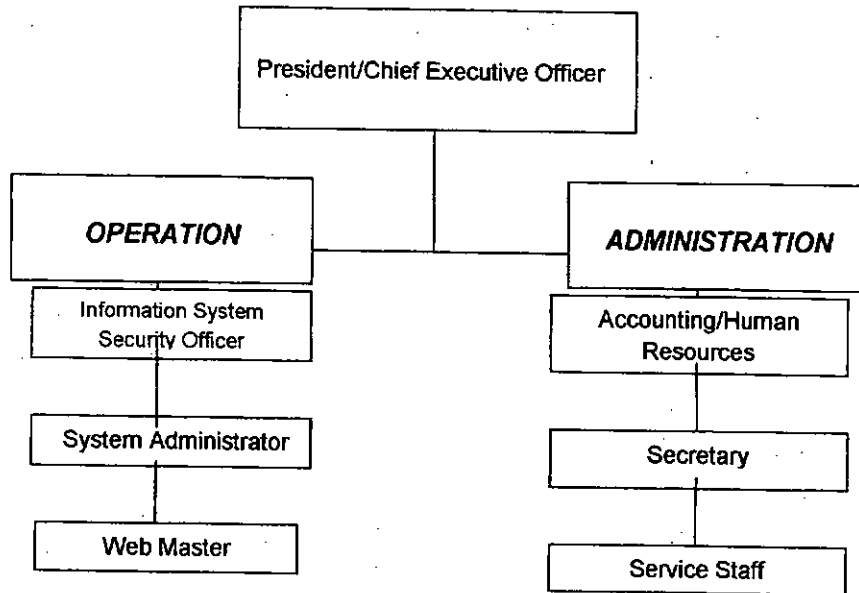


Exhibit U

Study made as to comparative fees and charges imposed by similar system provide, if any.

Not applicable because PNI is the only entity offering the electronic platform connecting the databases of the transfer agents (TA). TA's data sources shall remain with the respective TAs of the issuers.

Exhibit V

Legal Proceedings

There is no pending legal proceeding to which the PNI or any of its directors or officers is a party, or to which any of its properties or assets are subject.

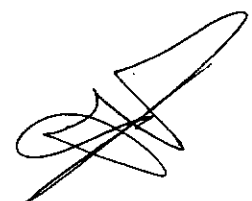
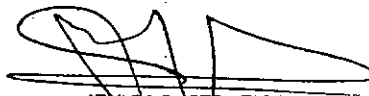


Exhibit W

UNDERTAKING

I, JENNY C. SERAFICA, of legal age, Filipino, and with office address at 1906B East Tower Philippine Stock Exchange Centre, Exchange Road Ortigas Center, Pasig City, being the President of Pastra.Net, Inc. (PNI), a corporation organized and existing under the laws of the Republic of the Philippines, do hereby undertake, on behalf of PNI, to comply and enforce compliance by its participants with the provisions of the Securities Regulation Code and any amendment thereto, and implementing rules or regulations made or to be made thereunder, and the PastraEDR rules.

IN WITNESS WHEREOF, I have hereunto set my hand this 18 day of December 2012 in Pasig City.


JENNY C. SERAFICA
President

**RULES AND REGULATIONS GOVERNING THE
PastraELECTRONIC DIRECT REGISTRATION (PastraEDR)
SYSTEM**

Rule 1 Scope

Section 1. Scope. These Rules and Regulations shall govern the activities and transactions conducted in the PastraEDR. The application of general laws of the Republic of the Philippines shall not be in any way modified or repealed by these Rules and Regulations.

Rule 2 Words and Phrases

Section 1. Interpretation. Any doubt arising from the interpretation of these Rules and Regulations shall be resolved following the rules of statutory construction.

Section 2. PASTRA. PASTRA refers to the Philippine Association of Stock Transfer and Registrar Agencies, Inc.

Section 3. PNI. PNI refers to Pastra.Net, Inc.

Section 4. SCCP. SCCP refers to Securities Clearing Corporation of the Philippines.

Section 5. PDTC. PDTC refers to Philippine Depository and Trust Corporation.

Section 6. Stock Transfer Agent (STA). A Stock Transfer Agent or STA refers to a juridical person who engages in behalf of an issuer of securities, or itself as issuer of securities, in:

- a) countersigning such securities upon issuance;
- b) monitoring the issuance of such securities with a view toward preventing unauthorized issuance, a function commonly performed by a person called a registrar;
- c) registering the transfer of such securities;
- d) exchange or converting such securities; and/or
- e) transferring record ownership of securities by bookkeeping entry without physical issuance of securities certificates.

Section 7. PastraEDR. PastraEDR refers to PastraElectronic Direct Registration, a share registration system connecting all the databases of all participating stock transfer agents. This system of sharing data enables the STA to register stock transfer directly and electronically. PastraEDR is owned and operated by PNI.

Section 8. NOR. NOR refers to NAME ON REGISTRY, a registry of the STA where securities are registered in the name of the shareholder in the stock and transfer books of the issuer in uncertificated form or without the need of a stock certificate. It is the Philippine version of US Direct Registration System or DRS.

Section 9. Service. Service refers to PastraEDR Services as cited in Rule 3 Section 1 of the PastraEDR Rules and Regulations that the User may access or use.

Section 10. ACE. Application Channel for E-Commerce or ACE is a system developed by Computer Data Vision, Inc. (CDVI) designed for online and real-time transactions.

Section 11. International Gateway. International Gateway or IG is a frontend system provided by the ACE System as part of the system integration. The IG is usually connected to an STA's Host and to be operated and administered by the STA.

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Section 12. EEF. EEF refers to PastraEDR Enrolment Form, the form filled up and submitted by the Shareholder during enrolment.

Section 13. EEN. EEN refers to PastraEDR Enrolment Number, a control number designed by PastraEDR used as a reference for Shareholder enrolment in the PastraEDR. EEN is issued and affixed to the PastraEDR Enrolment Form (EEF) upon successful pre-enrolment through either the web or the STA office.

Section 14. PIN. PIN refers Personal Identification Number, 6-digit number issued per STA and used to verify the Shareholder when sending instructions through the Internet.

Section 15. MPIN. MPIN refers to Mobile Personal Identification Number, a 6 digit number issued per STA used to verify the Shareholder when sending instructions through a mobile device.

Section 16. User ID/Password. User ID/Password is the shareholder's access to PastraEDR website. The shareholder determines the same during registration.

Section 17. SRN. SRN refers to Shareholder Registration Number, a confidential account number issued by the PastraEDR to its enrollee.

There are two classes of SRN, to wit:

- a) Ownership, where the entity (Shareholder, Investor, Broker, Custodian and Nominee) owns the registered Shares.
- b) Controllership, where the entity (Broker/Custodian/Nominee) controls the registered shares. Controllership is then sub-divided into sub-class.
 - i. With Voting Rights, where the entity can represent and vote in behalf of the shareholder/investor in the Stockholder's meeting.
 - ii. Without Voting Rights, where the entity cannot vote in behalf of the shareholder/investor in the Stockholder's meeting but can transact on the behalf of the shareholder.

Section 18. Sub-Accounts. Sub-Accounts are accounts owned by the shareholder. These can also be controlled by the broker/custodian/nominee. These are the number of shares per issue.

Section 19. SCN. SCN refers to Shareholder Card Number, an ID number (similar to the CIF Number of a bank) issued by PastraEDR to Shareholder that registered. The ID number is issued only once and it is transparent to all STA members. The SCN is printed on the PastraEDR Shareholder Card (ESC). A Shareholder can only have one SCN.

Section 20. Total Balance. Total Balance refers to the total number of shares per issue that the Shareholder currently owns including locked shares.

Section 21. Locked- In Shares. Locked-In shares are traded shares of the shareholder per issue awaiting SCCP's clearance and settlement of the traded shares.

Section 22. Earmarked Shares. Earmarked shares are shares of the shareholder per issue that had been pledged, sequestered or garnished or subject to deceased proceedings.

Section 23. PDTC and/or SCCP Lodgement ID. PDTC and/or SCCP Lodgement ID is the Lodgement ID Number issued by PDTC and/or SCCP every time shares are lodged for the first time with the depository for settlement and clearing purposes.

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Section 24. Buying Confirmation Number. Buying Confirmation Number is a number reflected on the buying confirmation receipt issued by the broker

Section 25. Transaction Reference Number. Transaction Reference Number is a transaction ID generated by the EDR System.

Section 26. Upliftment Report Number. Upliftment Report Number is an ID Number provided by PDTC and/or SCCP in uplifting the shares from the depository and registering it in the named accounts/under the EDR.

Section 27. Securities. Securities are shares, participation or interests in a corporation or in a commercial enterprise or profit-making venture and evidenced by a certificate, contract, instrument, whether written or electronic in character. It includes:

- a) Shares of stock, bonds, debentures, notes, evidences of indebtedness, asset-backed securities;
- b) Investment contracts, certificates of interest or participation in a profit sharing agreement, certificates of deposit for a future subscription;
- c) Fractional undivided interests in oil, gas or other mineral rights;
- d) Derivatives like option and warrants;
- e) Certificates of assignments, certificates of participation, trust certificates, voting trust certificates or similar instruments;
- f) Proprietary or non proprietary membership certificates incorporations; and,
- g) Other instruments as may in the future be determined by the Securities Exchange Commission.

Section 28. Issuer. An issuer is the originator, maker, obligor, or creator of the security.

Section 29. Shareholder. A shareholder is a natural or juridical person allowed by law to own securities.

Section 30. Broker. A broker is a person engaged in the business of buying and selling securities for the account of others.

Section 31. Dealer. A dealer is any person who buys and sells securities for his/her own account in the ordinary course of business.

Section 32. Trader. A trader is a person that represents the broker and the shareholder in the trading floor.

Section 33. Associated person of a broker or dealer. Associated person of a broker or dealer is an employee of a broker or dealer who, directly exercises control or supervisory authority, but does not include a salesman, or an agent or a person whose functions are solely clerical or ministerial.

Section 34. Salesman. A salesman is a natural person, employed as such or as an agent, by a dealer, issuer or broker to buy and sell securities.

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Section 35. Insider. An insider means: (a) the issuer; (b) a director or officer (or person performing similar functions) of, or a person controlling the issuer; (c) a person whose relationship or former relationship to the issuer gives or gave him access to material information about the issuer or the security that is not generally available to the public; (d) a government

employee, or director, or officer of an exchange, clearing agency and/or self-regulatory organization who has access to material information about an issuer or a security that is not generally available to the public; or (e) a person who learns such information by a communication from any of the foregoing insiders.

Section 36. Beneficial owner or beneficial ownership. Beneficial owner or beneficial ownership means any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares: voting power, which includes the power to vote, or to direct the voting of, such security; and/or investment returns or power, which includes the power to dispose of, or to direct, the disposition of such security.

Section 37. Member. A member is either a STA or Broker, who has successfully linked and registered with PastraEDR.

Section 38. Enrollee. A shareholder who has successfully enrolled and registered to use the PastraEDR.

Section 39. User. A User of the PastraEDR is a Member, an Enrollee, an Issuer, and a Regulatory Body.

Section 40. Material information. Material information means information which a reasonable investor would consider important in determining whether to buy, sell or hold securities, or in connection with the exercise of related voting rights.

Section 41. Computer. Computer refers to any single or interconnected device or apparatus, which, by electronic, electro-mechanical or magnetic impulse, or by other means with the same function, can receive, record, transmit, store, process, correlate, analyze, project, retrieve and/or produce information, data, text, graphics, figures, voice, video, symbols or other modes of expression or perform any one or more of these functions.

Section 42. Electronic data message. An electronic data message refers to information generated, sent, received or stored by electronic, optical or similar means.

Section 43. Electronic document. An electronic document refers to information or the representation of information, data, figures, symbols or other modes of written expression, described or however represented, by which a right is established or an obligation extinguished, or by which a fact may be proved and affirmed, which is received, recorded, transmitted, stored processed, retrieved or produced electronically. It includes digitally signed documents and any print-out or output, readable by sight or other means, which accurately reflects the electronic data message or electronic document. For purposes of these Rules, the term "electronic document" may be used interchangeably with electronic data message".

Section 44. Ephemeral electronic communication. An ephemeral electronic communication refers to telephone conversations, text messages, chatroom sessions, streaming audio, streaming video, and other electronic forms of communication the evidence of which is not recorded or retained.

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Section 45. Information and Communication System. Information and Communication System refers to a system for generating, sending, receiving, storing or otherwise processing electronic data messages or electronic documents and includes the computer system or other similar devices by or in which data are recorded or stored and any procedure related to the recording or storage of electronic data message or electronic document.

Section 46. Intermediary. An intermediary refers to a person who in behalf of another person and with respect to a particular electronic data message or electronic document sends, receives and/or stores or provides other services in respect of that electronic data message or electronic document.

Section 47. Service provider. A service provider refers to a provider of:

- a) Online services or network access, or the operator of facilities therefore, including entities offering the transmission, routing, or providing of connections for online communications, digital or otherwise, between or among points specified by a user, of electronic data message or electronic documents of the user's choosing; or
- b) The necessary technical means by which electronic data message or electronic documents of an originator may be stored and made accessible to a designated or undesignated third party.

Section 48. Public Company. A public company refers to a corporation with a class of equity securities listed on an Exchange or with assets in excess of Fifty Million Pesos (P50,000,000.00) and having two hundred (200) or more holders, at least two hundred (200) of which are holding at least one hundred (100) shares of a class of its equity securities.

Section 49. Regulatory Bodies. The following are regulatory bodies involved in the PastraEDR, to wit:

- SEC - Securities Exchange Commission
- BSP - Banko Sentral ng Pilipinas (Central Bank of the Philippines)

Section 50. Infringement of Copyright and Related Rights. Infringement of Copyright and Related Rights refers to any violation of the rights provided under Part IV of the Intellectual Property Code, including the act of any person who at the time when copyright subsists in a work has in his possession an article which he knows, or ought to know, to be an infringing copy of the work for the purpose of: (i) selling; letting for hire, or by way of trade offering or exposing for sale, or hire, the article; (ii) distributing the article for purpose of trade, or for any other purpose to an extent that will prejudice the rights of the copyright owner in the work; or (iii) trade exhibit of the article in public.

Rule 3 General Principles

Section 1. PastraEDR System. The PastraEDR system provides the users (shareholders, investors, brokers, stock transfer agents, regulating bodies, and issuers) access to a limited collection of resources, including, various communications tools, forums, shares shopping services, commercial content and branded programming through its network of properties (the "PastraEDR Services"). The said services may include certain communications from PastraEDR, such as service announcements, and administrative messages. These communications are considered part of PastraEDR membership and members cannot avoid or refuse to receive them. Unless explicitly stated otherwise, any new features that augments or enhances the current Service, including the release of new PastraEDR features, shall be subject to these Rules and Regulations.

The PastraEDR Services are provided on an "AS-IS" contingency and that PastraEDR assumes no responsibility for the timeliness, deletion, mis-delivery or failure to store any user communications or personalization settings. Each member shall be responsible for obtaining access to the Service including third party fees (such as Internet service provider or airtime charges). The member shall also be responsible for fees associated with the display or delivery of advertisements.

However, that PastraEDR has created certain areas in the Service that are limited to particular group of users.

Section 2. Enrollment Obligations. All enrollees of the PastraEDR represent that they are of legal age and have legal capacity under the laws of the Republic of the Philippines. Enrollees and Members alike shall also: (a) provide true, accurate, current and complete information as prompted by the Service's enrollment form (such information being the "Enrollment Data") and (b) promptly notify the PastraEDR to update the Enrollment Data to keep it true, accurate, current and complete.

If an Enrollee or a Member shall provide any information that is untrue, inaccurate, outdated or incomplete, or when the PastraEDR has reasonable grounds to suspect that such information is untrue, inaccurate, outdated or incomplete, the PastraEDR has the right to suspend or terminate the account or refuse any and all current or future use of the Service.

Section 3. User ID, Password and Security. Users shall determine their own password and user ID designations upon completing the PastraEDR's enrollment process. Users are responsible for maintaining the confidentiality of their password and user ID. Moreover, Users are fully responsible for all activities and transactions conducted by authority of their password or user ID.

To ensure the security of the PastraEDR System, each user must complete the exit procedure after every use of the PastraEDR Services. Each user must immediately notify the PastraEDR of any unauthorized use of password or user ID or any other breach of security. The PastraEDR shall not be liable for any loss or damage arising from a User's failure to comply with this section.

Section 4. PIN and MPIN. The PIN and MPIN are necessary when a shareholder intends to relay instructions to its STA. Each STA will require an enrollee to have a separate PIN and MPIN.

Each enrollee shall be responsible for maintaining the confidentiality of the PIN and MPIN, and is fully responsible for all activities and transaction conducted by its authority.

Each enrollee shall immediately notify the PastraEDR of any unauthorized use of a PIN or MPIN or any other breach of security. The PastraEDR shall not be liable for any loss or damage arising from an enrollee's failure to comply with this section.

Section 5. User Conduct. All Users are prohibited from doing the following acts when using the PastraEDR Services:

- a. upload, post, email, transmit or otherwise make available any content that is unlawful, harmful, threatening, abusive, harassing, tortuous, defamatory, vulgar, obscene, libelous, invasive of another's privacy, hateful, or racially, ethnically or otherwise objectionable;
- b. harm minors in any way;
- c. impersonate any person or entity, including, but not limited to, a EDR official, forum leader, guide or host, or falsely state or otherwise misrepresent your affiliation with a person or entity;

- d. forge headers or otherwise manipulate identifiers in order to disguise the origin of any Content transmitted through the Service;
- e. upload, post, email, transmit or otherwise make available any content that you do not have a right to make available under any law or under contractual or fiduciary relationships (such as inside information, proprietary and confidential information learned or disclosed as part of employment relationships or under nondisclosure agreements);
- f. upload, post, email, transmit or otherwise make available any content that infringes any patent, trademark, trade secret, copyright or other proprietary rights ("Rights") of any party;
- g. upload, post, email, transmit or otherwise make available any unsolicited or unauthorized advertising, promotional materials, "junk mail," "spam," "chain letters," "pyramid schemes," or any other form of solicitation, except in those areas (such as shopping rooms) that are designated for such purpose;
- h. upload, post, email, transmit or otherwise make available any material that contains software viruses or any other computer code, files or programs designed to interrupt, destroy or limit the functionality of any computer software or hardware or telecommunications equipment;
- i. disrupt the normal flow of dialogue, cause a screen to "scroll" faster than other users of the Service are able to type, or otherwise act in a manner that negatively affects other users' ability to engage in real time exchanges;
- j. interfere with or disrupt the Service or servers or networks connected to the Service, or disobey any requirements, procedures, policies or regulations of networks connected to the Service;
- k. intentionally or unintentionally violate any applicable local, state, national or international law, including, but not limited to, regulations promulgated by the SEC, any rules of any national or other securities exchange, including, without limitation, the PSE and any regulations having the force of law;
 - 1. "stalk" or otherwise harass another; or
- m. collect or store personal data about other users.

Section 6. Content. All information, data, text, software, music, sound, photographs, graphics, video, messages or other materials ("Content"), whether publicly posted or privately transmitted, are the sole responsibility of the person or entity from which the same originated. Users are entirely responsible for all Content that they upload, post, email, transmit or otherwise make available via the Service. The EDR does not control the Content posted via the Service and, as such, does not guarantee the accuracy, integrity or quality of such Content. Users accept that in using the Service, they may be exposed to Content that is offensive, indecent or objectionable.

The PNI shall not be liable in any way for any Content, or for any loss or damage of any kind incurred as a result of the use of any Content posted, emailed, transmitted or otherwise made available via the Service.

PNI shall not pre-screen Content. However, the PNI and its designees may, in the exercise of its discretion, refuse or remove any Content that is available via the Service that violates these Rules and Regulations or is otherwise objectionable.

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The PNI may access, preserve, and disclose the User's account information and Content if required to do so by law to: (a) comply with legal process; (b) enforce these Rules and Regulations; (c) respond to claims that any Content violates the rights of third-parties; (d) respond to said member's and enrollee's requests for shareholder service; or (e) protect the rights, property, or personal safety of the PastraEDR, its users and the public.

The Service and software embodied within the Service may include security components that permit digital materials to be protected, and use of these materials is subject to usage rules set by PastraEDR and/or content providers who provide content to the Service. Members shall not attempt to override or circumvent any of the usage rules embedded into the Service. Any unauthorized reproduction, publication, further distribution or public exhibition of the materials provided on the Service, in whole or in part, is strictly prohibited.

Section 7. Special Admonitions For International Use. Recognizing the global nature of the Internet, all members shall agree to comply with all local rules regarding online conduct and acceptable Content and with all applicable laws regarding the transmission of technical data exported from the Philippines or the country in which a member may reside.

Section 8. Submitted Content. The PNI does not claim ownership of Content members submit or make available for inclusion on the Service. However, with respect to these types of Content, a member shall grant the PNI the following world-wide, royalty free and non-exclusive license(s), as applicable:

- a. With respect to Content you submit or make available for inclusion on publicly accessible areas of PastraEDR Groups, the license to use, distribute, reproduce, modify, adapt, publicly perform and publicly display such Content on the Service solely for the purposes of providing and promoting the specific PastraEDR Group to which such Content was submitted or made available. This license exists only for as long as you elect to continue to include such Content on the Service and will terminate at the time you remove or PNI removes such Content from the Service.
- b. With respect to photos, graphics, audio or video you submit or make available for inclusion on publicly accessible area of the Service other than PastraEDR Groups, the license to use, distribute, reproduce, modify, adapt, publicly perform and publicly display such Content on the Service solely for the purpose for which such Content was submitted or made available. This license exists only for as long as you elect to continue to include such Content on the Service and will terminate at the time you remove or PNI removes such Content from the Service.
- c. With respect to Content other than photos, graphics, audio or video you submit or make available for inclusion on publicly accessible areas of the Service other than EDR Groups, the perpetual, irrevocable and fully sublicensable license to use, distribute, reproduce, modify, adapt, publish, translate, publicly perform and publicly display such Content (in whole or in part) and to incorporate such Content into other works in any format or medium now known or later developed.

"Publicly accessible" areas of the Service are those areas of the PNI network of properties that are intended by PNI to be available to the general public. By way of example, publicly accessible areas of the Service would include PastraEDR Message Boards and portions of PastraEDR Groups, Photos and Briefcase that are open to both members and visitors. However, publicly accessible areas of the Service would not include portions of PastraEDR Groups that are limited to members and enrollees, PastraEDR services intended for private communication such as PastraEDR Mail or PastraEDR Messenger, or areas of the PastraEDR network of properties such as portions of World Wide Web sites that are accessible through via hypertext or other links but are not hosted or served by PastraEDR.

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Section 9. Indemnity. Members shall hold the PNI, and its subsidiaries, affiliates, officers, agents, co-branders or other partners, and employees, harmless from any claim or demand, including reasonable attorneys' fees, made by any third party due to or arising out of Content they submit, post, transmit or make available through the Service, their use of the Service, their connection to the Service, or their violation/s of these Rules and Regulations.

Section 10. No Resale Of Service. Members shall not reproduce, duplicate, copy, sell, trade, resell or exploit for any commercial purposes, any portion of the Service (including their EDR User ID.), use of the Service, or access to the Service.

Section 11. General Practices Regarding Use And Storage. The PNI may establish general practices and limits concerning use of the Service, including without limitation the maximum number of days that email messages, message board postings or other uploaded Content will be retained by the Service, the maximum number of email messages that may be sent from or received by an account on the Service, the maximum size of any email message that may be sent from or received by an account on the Service, the maximum disk space that will be allotted on PastraEDR's servers on your behalf, and the maximum number of times (and the maximum duration for which) you may access the Service in a given period of time.

PNI shall bear no responsibility or liability for the deletion or failure to store any messages and other communications or other Content maintained or transmitted by the Service. Moreover, PNI reserves the right to log of accounts that are inactive for an extended period of time.

Section 12. Modifications. PNI reserves the right at any time and from time to time to modify or discontinue, temporarily or permanently, the Service (or any part thereof) with or without notice. PNI shall not be liable to any member or to any third party for any modification, suspension or discontinuance of the Service.

Section 13. Termination. The PNI may, under certain circumstances and without prior notice, immediately terminate a member's or an enrollee's PastraEDR account, any associated email address, and access to the Service. The grounds for such termination shall include, but not be limited to, (a) breaches or violations of these Rules and Regulations or other incorporated agreements or guidelines, (b) requests by law enforcement or other government agencies, (c) a request by the member (self-initiated account deletions), (d) discontinuance or material modification to the Service (or any part thereof), (e) unexpected technical or security issues or problems, and (f) extended periods of inactivity. Termination of PastraEDR account includes (a) removal of access to all offerings within the Service, including but not limited to PastraEDR Mail, Groups, Messenger, Chat, Domains, Personals, Auctions, Message Boards, Greetings, Alerts and Games, (b) deletion of password and all related information, files and content associated with or inside PastraEDR account (or any part thereof), and (c) barring further use of the Service. All terminations for cause shall be made by PNI in its sole discretion and that the PNI shall not be liable to any member or any third-party for any termination of an account, any associated email address, or access to the Service.

Section 14. Dealings with Advertisers. The member's correspondence or business dealings with, or participation in promotions of, advertisers found on or through the Service, including payment and delivery of related goods or services, and any other terms, conditions, warranties or representations associated with such dealings, are solely between the said member and such advertiser. The PNI shall not be responsible or liable for any loss or damage incurred as the result of any such dealings or as the result of the presence of such advertisers in the Service.

Section 15. Links. The Service may provide, or third parties may provide, links to other World Wide Web sites or resources. However, because the PNI has no control over such sites and resources, the PNI shall not be responsible for the availability of such external sites or resources, and does not endorse and is not responsible or liable for any Content, advertising, products, or

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other materials on or available from such sites or resources. Furthermore, PNI shall not be responsible or liable, directly or indirectly, for any damage or loss caused or alleged to be caused by or in connection with use of or reliance on any such Content, goods or services available on or through any such site or resource.

Section 16. PNI's Proprietary Rights. The Service and any necessary software used in connection with the Service ("Software") contain proprietary and confidential information that is protected by applicable intellectual property laws. Moreover, Content contained in sponsor advertisements or information presented through the Service or advertisers are protected by copyrights, trademarks, service marks, patents or other proprietary rights and laws. Except as expressly authorized by the EDR or advertisers, members shall not modify, rent, lease, loan, sell, distribute or create derivative works based on the Service or the Software, in whole or in part.

The PNI grants each member a personal, non-transferable and non-exclusive right and license to use the object code of its Software on a single computer; provided that said member does not (and does not allow any third party to) copy, modify, create a derivative work of, reverse engineer, reverse assemble or otherwise attempt to discover any source code, sell, assign, sublicense, grant a security interest in or otherwise transfer any right in the Software. Members shall not modify the Software in any manner or form, or to use modified versions of the Software, including (without limitation) for the purpose of obtaining unauthorized access to the Service. Members shall access the Service by any means other than through the interface that is provided by PastraEDR for use in accessing the Service.

Section 17. Disclaimer Of Warranties.

- a. Members' use the service is at their own risk. The service is provided on an "as is" and "as available" basis. PNI expressly disclaims all warranties of any kind, whether express or implied, including, but not limited to the implied warranties of merchantability, fitness for a particular purpose and non-infringement.
- b. PNI makes no warranty that (i) the service will meet the requirements of each member, (ii) the service will be uninterrupted, timely, secure, or error-free, (iii) the results that may be obtained from the use of the service will be accurate or reliable at all times, (iv) the quality of any products, services, information, or other material purchased or obtained by a member through the service will meet their expectations, and (v) any errors in the software will be corrected.
- c. Any material downloaded or otherwise obtained through the use of the service is done at the member's, enrollee's or user's discretion and risk and thus, said member, enrollee or user will be solely responsible for any damage to his computer system or loss of data that results from the download of any such material.
- d. No advice or information, whether oral or written, obtained by a member, enrollee or user, from the PastraEDR or through or from the service shall create any warranty not expressly stated in these Rules and Regulations.
- e. A small percentage of users may experience epileptic seizures when exposed to certain light patterns or backgrounds on a computer screen or while using the service. Certain conditions may induce previously undetected epileptic symptoms even in users who have no history of prior seizures or epilepsy. If a member, issuer, user or anyone in his family have an epileptic condition, they should consult a physician prior to using the service. A member, enrollee or user must immediately discontinue use of the service and consult a physician if he experiences any of the following symptoms while using the service -- dizziness, altered vision, eye or muscle twitches, loss of awareness, disorientation, any involuntary movement, or convulsions.

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Section 18. Limitation of Liability. PNI shall not be liable to a member, enrollee or user for any direct, indirect, incidental, special, consequential or exemplary damages, including but not limited to, damages for loss of profits, goodwill, use, data or other intangible losses (even if PNI has been advised of the possibility of such damages), resulting from: (i) the use or the inability to use the service; (ii) the cost of procurement of substitute goods and services resulting from any goods, data, information or services purchased or obtained or messages received or transactions entered into through or from the service; (iii) unauthorized access to or alteration of your transmissions or data; (iv) statements or conduct of any third party on the service; or (v) any other matter relating to the service.

Section 19 No Right of Survivorship and Non-Transferability. An enrollee PastraEDR account is non-transferable and any rights to enrollee's PastraEDR ID. or contents within the PastraEDR account terminate upon death. Upon receipt of a copy of a death certificate, the member's account shall be terminated and all contents therein permanently deleted from the PastraEDR accounts.

Rule 4 PNI POLICIES ON PRIVACY

Section 1. What This Privacy Policy Covers. This rule shall cover how PastraEDR treats personal information that PastraEDR gives and receives, including information related to a member's or enrollee's or user's past use of EDR services. Personal information is information about a member, enrollee or user that is not otherwise publicly available. This rule does not apply to the practices of other institutions that PastraEDR does not own or control or to people that EDR does not employ or manage.

Section 2. Information Collection and Use. The PastraEDR shall collect personal information when a member, shareholder or user enroll with the PastraEDR or when member, enrollee or user use the PastraEDR services.

The PastraEDR uses information for the following general purposes: to customize the advertising and content, to perform the members', enrollee's or user's requests for products and services, to improve services, to contact members, enrollees or users, to conduct research, and to provide anonymous reporting for internal and external clients.

The PastraEDR does not allow minors (below 18 years) to use the PastraEDR. They may be enrolled as Trustees but they cannot directly access the PastraEDR.

Section 3. Information Sharing and Disclosure. The PNI does not rent, sell, or share personal information about members, enrollees or users with other people or non-affiliated companies except to provide products or services requested by members, enrollees or users with their permission, or under the following circumstances:

- a. The PastraEDR provides the information to trusted partners who work on behalf of or with PastraEDR under confidentiality agreements. These companies may use members', enrollees' or users' personal information to help PastraEDR communicate with members, enrollees or users about offers from PastraEDR and its marketing partners. However, these companies do not have any independent right to share this information.
- b. In response to subpoenas, court orders, or legal process, or to establish or exercise legal rights or defend against legal claims;
- c. When it is necessary to share information in order to investigate, prevent, or take action regarding illegal activities, suspected fraud, situations involving potential threats to the physical safety of any person or entity, violations of PastraEDR's terms of use, or as otherwise required by law.

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- d. The PastraEDR shall transfer information about its members, enrollees, or users when it is acquired by or merged with another company. In this event, PastraEDR will notify all members, enrollees or users before any information is transferred and becomes subject to a different privacy policy.

Section 4. Edit and Delete of Enrollment Information. The only data that the enrollees or users are allowed to edit is their mobile phone number. All changes of information must be done by notifying the STA where the enrollee or user is registered. The STA will then update the enrollment data for the enrollee or user. The changes in enrollment data on that STA will also be reflected in the enrollment data in the other STA's.

Enrollees cannot delete their PastraEDR accounts. Deletion of the Enrollment Data is effected by notifying any of the STA of the closure of an PastraEDR account.

When a shareholder enroll with PastraEDR or submit information to PastraEDR, a temporary copy of that information is routinely made to prevent accidental loss of information through a computer malfunction or human error. The PastraEDR keeps this account information active in its user enrollment database in order to provide immediate access to the PastraEDR. If the STA orders the deletion of enrollee's PastraEDR account, the enrollment data will remain in the PastraEDR's database in approximately 5 year.

Rule 5 Intellectual Property Rules

Section 1. Trademark Information. Members, enrollees or users shall not display, use or otherwise exercise ownership over the EDR logo, PASTRA logo, PASTRA.NET logo, PASTRA.NET, Inc. service mark/s without the written authorization from the corresponding registered owners of these trademarks.

Section 2. Applicable Laws. All the laws pertaining to intellectual property such as The Intellectual Property Code and the E-Commerce Act shall govern the operation of the EDR. All the violations prescribed in these laws are hereby incorporated in these Rules and Regulations.

Section 3. Prosecution Of Violators. Members who shall be found to have violated intellectual property laws shall be prosecuted under said laws and pursuant to the procedure provided therein.

Section 4. PNI Action. PNI, at its discretion and when the circumstances warrant, may disable and/or terminate the accounts of member, enrollees or users who have been charged with violation of intellectual property laws. However, if the appropriate authorities exonerate the said member, enrollee or user the PNI shall immediately reactivate the member, enrollee or user PastraEDR account.

Section 5. Notice From Members. Members who believe that their intellectual property rights have been violated by other members may give notice to PNI by submitting a letter of complaint together with the following requirements:

1. An electronic or physical signature of the person authorized to act on behalf of the owner of the copyright or other intellectual property interest;
2. A description of the copyrighted work or other intellectual property alleged to have been infringed;
3. Complaining member's address, telephone number, and email address;
4. A statement by the complaining member, made under penalty of perjury, that all information in the letter of complaint are true and correct and that the said member is the lawful owner of the copyright or intellectual property or is authorized to act on the copyright or intellectual property owner's behalf.

Handwritten mark

The letter of complaint and the attachments must be submitted in triplicate copies.

Section 6. Opportunity To Answer. Upon receipt of the letter of complaint, the PNI shall write or notify with attach photocopy of the complaint letter and all the attachments, to the member complained of and require the complained member to submit a written answer within five (5) working days from receipt thereof.

Within five (5) working days from the submission of the answer, the PNI may dismiss the complaint for lack of merit. However, if there is reasonable basis to believe that there is indeed a violation, PNI may suspend the account of the member complained of and recommend to the complaining member that the appropriate charges be filed against the member complained of. If the member complained of fails to submit a written answer within the prescribed period, then the PNI alone may decide on the letter complaint following the procedure in the foregoing paragraph.

Section 7. Reactivation Of Account. The reactivation of the PastraEDR account of a member found to have violated intellectual property laws shall be evaluated on a case to case basis. The offending members must show proof of their commitment to respect the intellectual property rights of the other members and PNI. The offending members must likewise show proof of their fortitude never to commit any violations again. Two consecutive violations shall warrant a perpetual ban of their membership in PastraEDR.

Rule 6 PastraEDR Operations

Section 1. PastraEDR Operations. The detailed specific operations of the PastraEDR are specified in the STA User's Manual and Broker User's Manual. Members shall not modify or deviate from the said Manual.

Section 2: Shareholder PastraEDR Enrollment and Registration. Only natural and juridical persons qualified under existing laws to own securities may enroll and register in the PastraEDR. Once enrolled, such person or entity agrees to abide by the terms and conditions of then PastraEDR which shall include the use and sharing of information among the participating Stock Transfer Agents (STAs) and government or regulating agencies.

Section 3. Share Inquiry. An Enrollee may inquire the status of his/her/its shareholdings across all STAs. The PastraEDR shall offer two media channels for this feature, the SMS and the Internet. The SMS Share Inquiry is only offered to members whose mobile phones have the capability to receive Menu downloads from the SMS provider. However, members can only view the shares (issues and balances) of the SCN where they are enrolled.

Section 4. Locked-in Shares. Shareholder's traded shares are locked-in based on the daily Brokers' Delivery Worksheet uploaded by the Broker in PastraEDR system while awaiting SCCP's clearing and settlement of the traded shares.

Section 4. Earmarked Shares. Shareholder's shares per issue are earmarked upon request of mortgagee with the conformity of the mortgagor shareholder, or when sequestered or garnished by government agencies or when the shareholder dies.

Section 5. Brokers' Lodgement. The shares to be sold by a Broker is lodged with the depository T-1 or a day before the Transaction Date while awaiting SCCP's clearing and settlement of the traded issues.

Section 6. Brokers' Upliftment. An enrollee's purchased shares are by default uplifted from the Broker's PDTC account in the name of the enrollee at Transaction Date and locked-in while awaiting SCCP's clearing and settlement of the traded shares desired shares. Once the shares had been lodged, the member then can pay the shares through a bank appointed by the PSE.

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Section 7. Brokers' PastraEDR Access . The Brokers' Access allows the broker to upload to PastraEDR its daily Broker Delivery Access and access or download through PastraEDR its clients' accounts with the STA for verification or reconciliation purposes. Records of the broker and the STA are synchronized daily.

Rule 7 Final Provisions

Section 1. Separability. - If any provision in these Rules and Regulations or application of such provision to any circumstance is held invalid, the rest of the provisions shall not be affected.


Section 2. Effectivity.- These Rules and Regulations shall take effect fifteen (15) days after publication in a newspaper of general circulation.

Done this of 21 February 2013 Makati City.

SIGNED:

PASTRA.NET, INC. Board of Directors

By:


JENELNE C. SERAFICA
President

PASTRANET INC.

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not to be reproduced without express written consent

Security impact: **HIGH**





Definition of Terms

Following are some of the terms that are commonly used on this manual:

| | |
|--|---|
| PNI | PNI refers to Pastra.Net Inc, a duly registered Philippine company that owns and operates the PastraEDR. |
| STA | STA refers to Stock Transfer Agent. |
| PastraEDR | PastraEDR refers to PastraElectronic Direct Registration System a share registration system connecting all the databases of all participating stock transfer agents. It enables the STA to register stock transfer directly and electronically. |
| NOR | NOR refers to NAME ON REGISTRY, a registry of the STA where securities are registered in the name of the shareholder in the stock and transfer books of the Issuer in uncertificated form or without the need of a stock certificate. It is the Philippine version of US Direct Registration System or DRS. |
| IG | IG refers to Intelligent Gateway, a node provided by the ACE System by Computer Data Vision Inc. designed for online and real-time transactions to serve as the front-end system of the STA. |
| SIS | SIS refers to Stockholder Information System, the STA Backend System developed by Financial Software Technologies, Inc. and owned by PNI for the free use of the STA at their option. This is PNO interface ready. |
| PNO | PNO refers to Pastra.Net Online, a shared network connecting the databases of member STA. It enables secure electronic access to the STA database by Shareholders and other interested parties with authorized access. |
| Pastra.Net Online Central or PNO Central | PNO Central refers to Pastra.Net Online Central, a sub-system of PNO that switches pass through electronic transactions coming from different access channels to authorizers. Channels may be the SCCP PDTC, STA, Brokers, and other entities. |
| Pastranet.com | Pastranet.com refers to PNO website |
| EEF | EEF refers to PastraEDR Enrolment Form |
| EEN | EEN refers to Electronic Enrolment Number, an internal control number generated by PastraEDR during enrolment to PastraEDR and is used as a reference by STA to verify the |

| | |
|--------------------|--|
| | submitted information of a shareholder during enrolment. |
| SCN | SCN refers to Shareholder Card Number, an ID number (similar to the CIF Number) issued by PastraEDR to a Shareholder that enrolled. The ID number is issued only once and it is transparent to all STA members. The SCN is printed on the EDR Shareholder Card (ESC). A Shareholder can only have one SCN. |
| SRN | SRN refers to Shareholder Registry Number, a confidential account number issued by the STA. |
| SN | SN refers to Stockholder Number, a unique number in the SIS system which uniquely identifies a shareholder. A stockholder can have multiple SNs. An SN has a one to one relationship with a stock issue. |
| User ID / Password | User ID/Password is the required access to the PNOs website. The User ID is the email address of the User. User ID / Password are defined by the User during PNO registration. |
| Access Code | Access Code is an alpha numeric "Password" associated with the SRN issued by each STA to enrolled and authorized users of the EDR only known to the user. The Access Code is verified by the STAIG before access is allowed. |
| TAC | TAC refers to Temporary Access Code. This is generated and maintained by SIS and assigned to pre-enrolled shareholders. This must be changed by the shareholders upon enrolment with PastraEDR. It remains in the SIS for 30 days only from notice to shareholders. Shareholder who fails to use the TAC has to request for a new TAC in writing addressed to the STA concerned. |
| Activation Key | Activation Key refers to the Activation Code emailed to Shareholder to activate his/her/its PastraEDR Enrolment. |
| FTP & secure FTP | FTP refers to File Transfer Protocol. A method of transferring files between two computers via the Internet. Secure FTP is transferring files via a 'secure shell' or SSH which is a network protocol that allows data to be exchanged using a secure channel. |

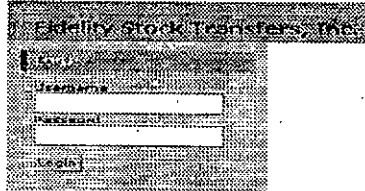




STOCK TRANSFER AGENT (STA) USER MANUAL

SCN Generation via STA-IG and Pre-enrollment

1. Generates batch upload file under SIS.
2. Launch Internet explorer or Mozilla Firefox and type STA url in the address bar
3. Access STA "url"



- a. Login as admin
Check that the following issues if defined, then log-out
- b. Log-in as manager
TA uploads batch file to IG

4. Click on "utility" link for uploading data, choose shares from down menu and click "browse" button to select files to be uploaded in the IG.

- *Load shares.csv
- *Load scripless.csv
- *Load pre-enrolemnt.csv

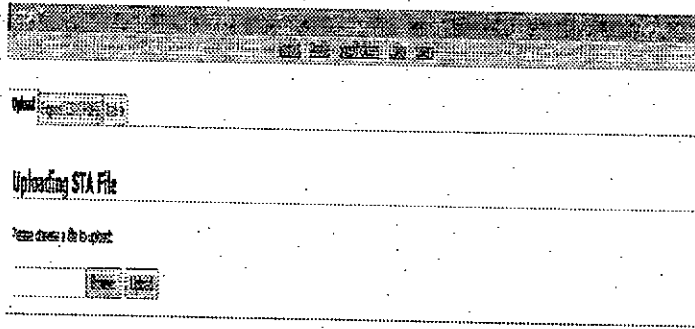
5. Verifying data of uploaded file, then click "search" link to view the uploaded data with SRN

| ID | ACCOUNT | ACCOUNT | ACCOUNT |
|----|-----------|-----------|-----------|
| 12 | 123456789 | 123456789 | 123456789 |
| 13 | 123456789 | 123456789 | 123456789 |
| 14 | 123456789 | 123456789 | 123456789 |
| 15 | 123456789 | 123456789 | 123456789 |
| 16 | 123456789 | 123456789 | 123456789 |

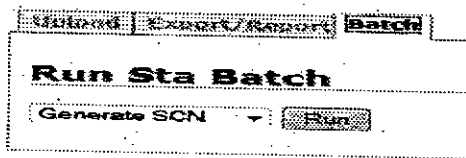
fw

- Click on **Batch** menu to generate SCN

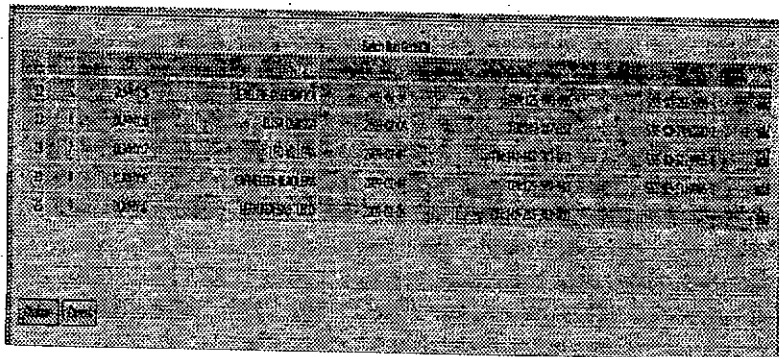
5. STA is directed to Uploading STA file page



6. Select "Batch" link to display menu to generate an SCN.



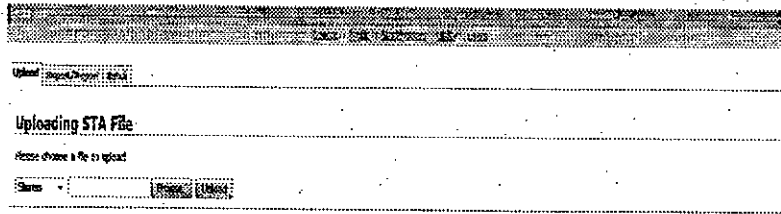
7. Choose "Generate SCN" from drop down menu, then click "run" button to display a list of enrollees



| ID | Name | Address | City | State | Zip |
|----|---------|--------------|-------------|-------|-------|
| 1 | John | 123 Main St | Springfield | MA | 01103 |
| 2 | Jane | 456 Elm St | Springfield | MA | 01103 |
| 3 | Bob | 789 Oak St | Springfield | MA | 01103 |
| 4 | Alice | 101 Pine St | Springfield | MA | 01103 |
| 5 | Charlie | 202 Birch St | Springfield | MA | 01103 |
| 6 | Diana | 303 Cedar St | Springfield | MA | 01103 |

ju

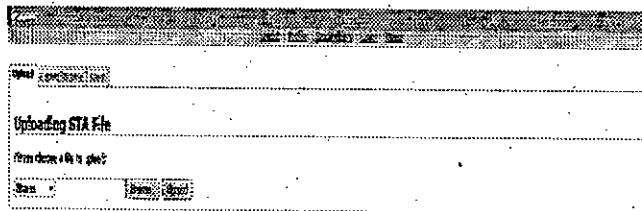
- Click "Continue" button to generate SCN then click done button to go back to STA uploading page.



- click 'Batch' link then select pre-enrolment from drop down menu list



- click "run" button to enrol the stockholders and generate Activation Key
- click "continue" button to display the generated pre-enrolled stockholder
- click "done" button to go back to main menu.



- Send Pre-enrolment notification letter to existing Shareholders attaching the following for accomplishment, to wit"
EEF
PastraEDR Acceptance Form
Agreement and Waiver

Jaw



11. Validate the documents submitted by enrolling stockholder either by mail, in person or through authorized representative. Please note that the shareholder are advised not to submit their documents through broker.
12. The STA shall send electronic mail (email) to the enrolled shareholder informing him/her/its activation key and activation procedure.

Enrolment of New Shareholder/Investor

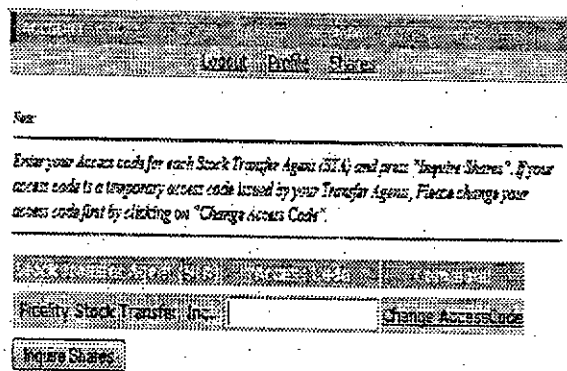
1. The new shareholder or the broker prints EDR Enrolment Form (EEF) from the PNO website for due accomplishment.
2. The new shareholder presents his/her/its duly accomplished EEF together with valid picture bearing ID to STA.
3. Shareholder fills up at the STA office the following forms:
 - PastraEDR Acceptance Form
 - Agreement and Waiver
 - Signature Card
4. Validate the documents accomplished by Shareholder
5. Inform the new shareholder that a notification of enrollment is send to the enrolled email address and must activate his/her/its enrollment through PNO website.
6. Follow steps 1 to 9.
7. Send electronic mail (email) to the enrolled shareholder informing him/her/its activation key and activation procedure.

Handwritten initials

SHAREHOLDER USER MANUAL

Account Activation Procedures

1. Launch Internet explorer or Mozilla Firefox and type www.pastranet.com in the address bar. Stockholder is directed to Pastranet Homepage.
2. Click on "Account Activation" link. Stockholder is directed to User Agreement. If the Shareholder agrees with the terms of the User Agreement, click "continue" button to go to "PNO activation form" and enter the following, to wit:
 - email address
 - activation key specified in the email notification
 - word verification
3. Click the "SUBMIT" button to validate account, it will prompt to "Enter New Password".
4. Enter desired Password
5. Retype Password.
6. Click "Change Password" button to go to login page to change Temporary Access Code (TAC)
7. Click "SIGN IN" button.
8. Successful log in will display the list of Stock Transfer Agents with which the Stockholder enrolled.



Logout Profile Share

For:

Enter your access code for each Stock Transfer Agent (STA) and press "Inquire Shares". If your access code is a temporary access code issued by your Transfer Agent, Please change your access code first by clicking on "Change Access Code".

Change Access Code

Inquire Shares

9. Click on "Change Access Code".





- Enter Temporary Access Code (TAC) in the "Old Access Code" box. Enter desired Access Code and click "Change" button

Changing Access Code
F O R
Fidelity Stock Transfer, Inc.

Old AccessCode:

New AccessCode:

Re-Enter AccessCode:

- A confirmation message will be displayed. To proceed in viewing the shares, click the "CONTINUE" button

You have successfully changed your access code for this transfer agent.

- Click "continue" button to go stockholder page.
- Proceed to steps No. 3 to 9 of Internet Share Inquiry to view enrolled issues.

Internet Share Inquiry

- Launch Internet explorer or Mozilla Firefox and type www.pastranet.com in the address bar.
- Click "PERSONAL LOG IN" link
- Type email address and enter the password.
- Click "SIGN IN" button to log into the EDR.
- Successful log in will display the list of Stock Transfer Agents with which the Stockholder enrolled.

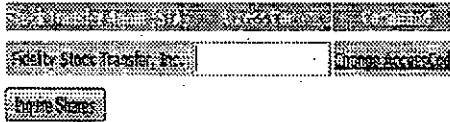
Local Profile Shared

Age:

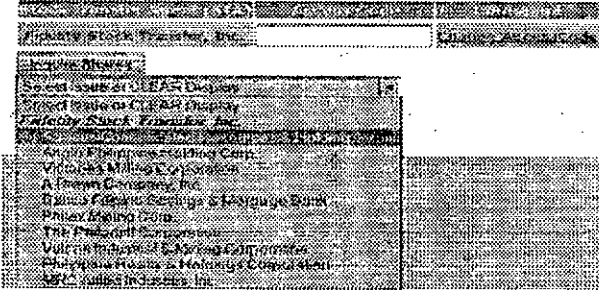
Enter your Access code for each Stock Transfer Agent (STA); and press "Inquire Shares" if your access code is a temporary access code issued by your Transfer Agent. Please change your access code first by clicking on "Change Access Code".

ju

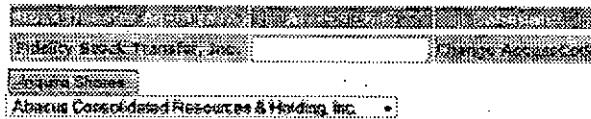
6. Enter Access Code in the box provided and click the **"INQUIRE" SHARES** button.



7. Select the ISSUE from the drop down menu



8. Lists of certificated and scripless shares will be displayed for the selected issue.



Fidelity Stock Transfer, Inc.
Issue Code: ABA
Issue Name: **Abacus Consolidated Resources & Holding, Inc.**
as of: 2009-07-01
SEC: 3063

Scripless Shares 1 record

| DATE | AMOUNT | ISSUE DATE | ISSUE |
|------------|---------|------------|-------------------------------------|
| Trade Date | 120,000 | 120,000 | Jun 29 2009 CITIS COURTESY, INC. |

Certificated Shares 1 record

| STATUS | CERTIFICATE NUMBER | ISSUE DATE | NUMBER OF SHARES |
|--------|--------------------|------------|------------------|
| Free | 11134020201 | May 6 2009 | 120,000 |

SW

BROKER USER MANUAL

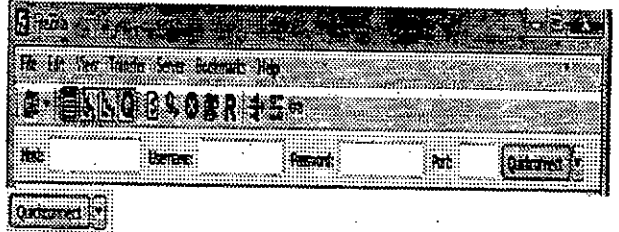
Broker Transactions for Broker-Controlled Accounts

Sending broker-controlled files to and from PNO via FTP

1. Click on "FileZilla" icon. 

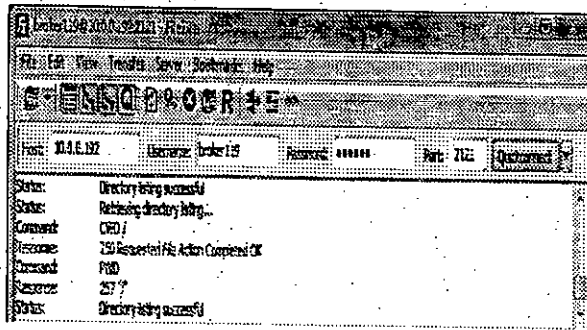
2. Type in the following details:

- a. Host – 10.0.0.192
- b. Username – broker119
- c. Password – broker
- d. Port – 2121



3. Click on "Quickconnect" button

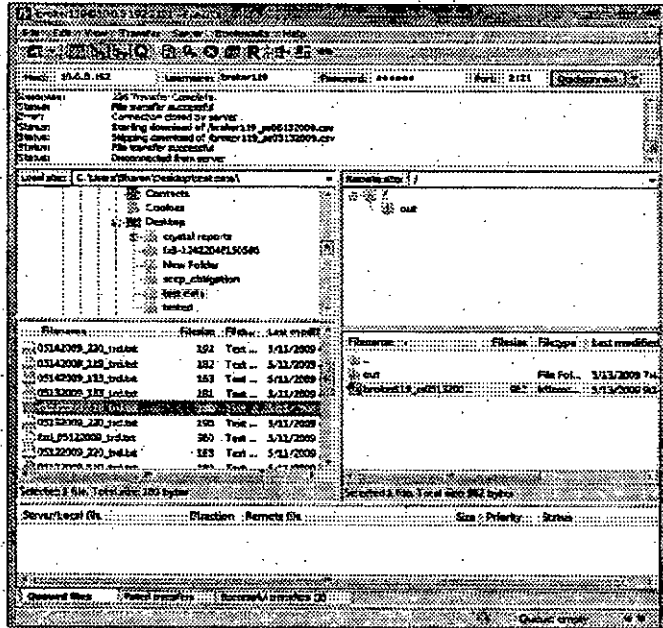
Successful connection will be displayed.



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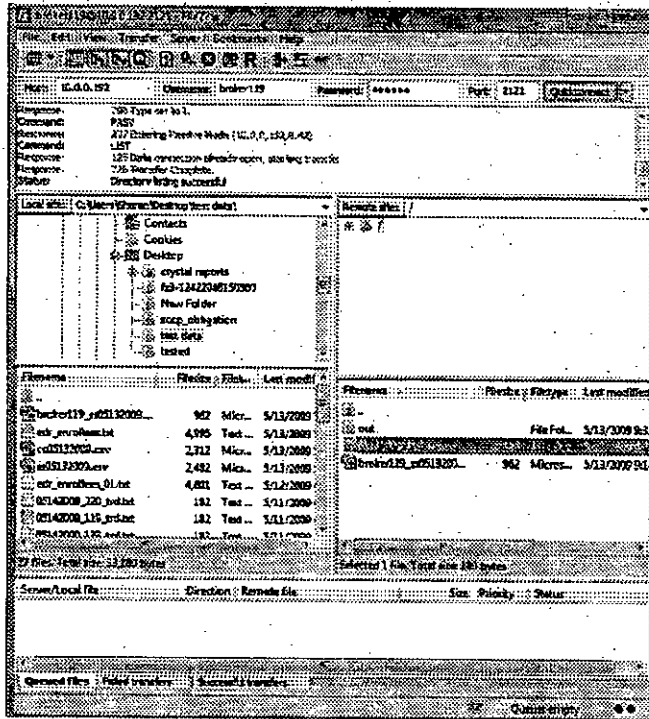
- Select the file for FTP transfer of daily Broker Delivery Worksheet and Obligation Report to PNO.
Example: 05132009trd_119.csv



ju



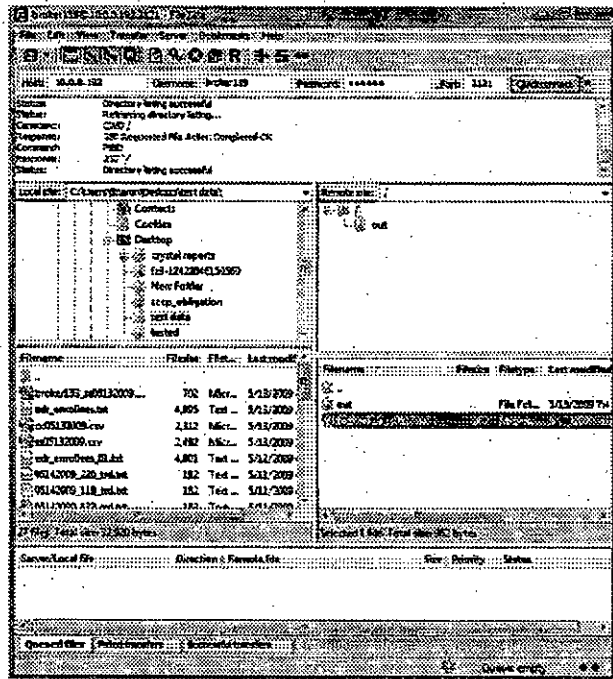
5. Double click the file name and the file is transferred to the assigned FTP folder at PNO.



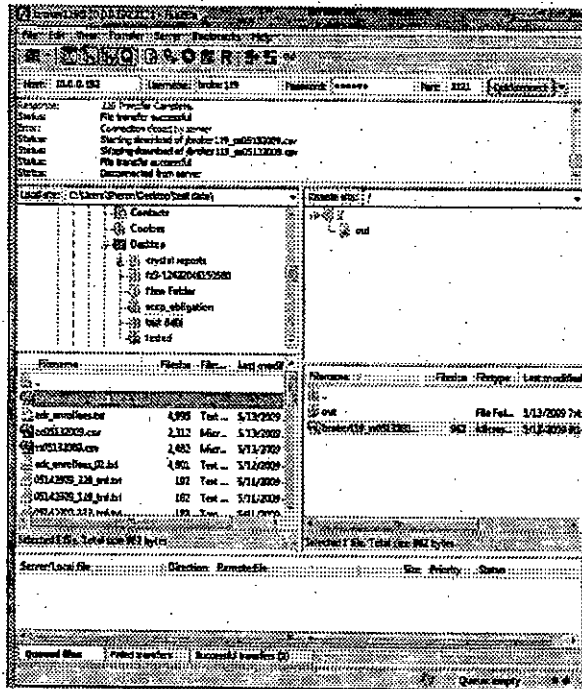
6. The proper response (valid or invalid) will be sent back by the TA via PastraEDR. Invalid response may be account does not exist, "insufficient shares" or other exceptions which needs to be corrected by the broker before 10:00 am at T+3

ja

7. File sent by TA is present in the assigned broker FTP folder.




8. Double click the file name (or drag the file) and the file is transferred (copied) to the selected broker folder.

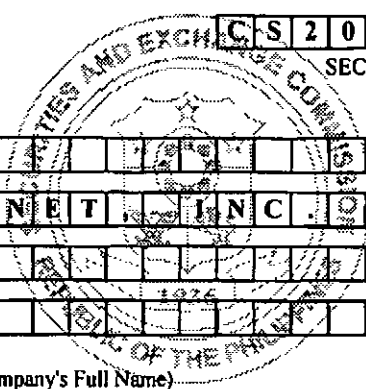


9. Send the Amended or Revised BDW to correct the invalid "Due for Clearing" entries before 10:00 am at T=3 follow steps 1-5.
10. To log out, simply close the window.



COVER SHEET

19132 1575



C S 2 0 0 4 1 7 8 4 2
SEC Registration Number

P A S T R A . N E T , I N C .

(Company's Full Name)

U - 1 9 0 6 - B T e k t i t e E a s t T o w e r
E x c h a n g e R o a d S a n A n t o n i o
P a s i g C i t y

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

Jeneline C. Serafica
Contact Person

706-4421
Company Telephone Number

1 2 | 3 1
Month | Day
Fiscal Year

A F S
FORM TYPE

0 4 | 0 7
Month | Day
Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

N/A
Amended Articles Number/Section

12
Total No. of Stockholders

Total Amount of Borrowings
Domestic Foreign
N/A

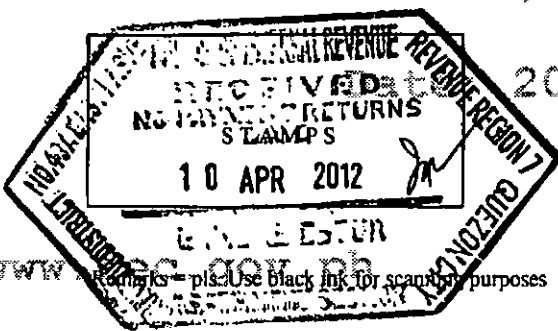
To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D

Cashier



20-3-2013 Time: 8:51:18 AM

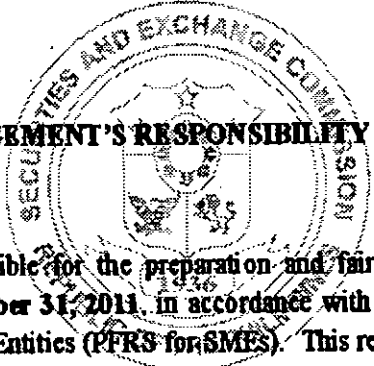
User Name: 10gdjgarcia

1 FRS

19132 1578



PASTRA.NET
Incorporated



STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The management of Pastra.Net, Inc. is responsible for the preparation and fair presentation of the financial statements for the year(s) ended December 31, 2011, in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs). This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors or Trustees reviews and approves the financial statements and submit the same to the stockholders or members.

Pascual, Pascual & Co., CPAs, the independent auditors, appointed by the stockholders has examined the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

Signature

Printed Name of the Chairman of the Board

: Ernesto B. Rufino, Jr.

Signature

Printed Name of Chief Operating Officer/President

: Jeneline C. Serafica

Signature

Printed Name of Chief Financial Officer/Treasurer

: Angelo G. Macabuhay 8:51:19 AM

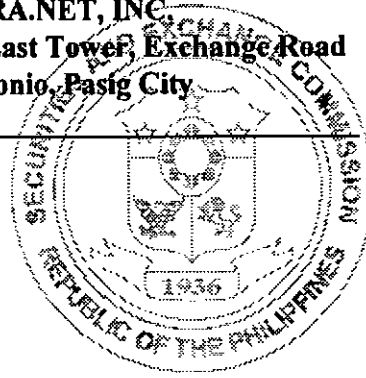
Signed this ___ day of March 2012

www.sec.gov.ph

User Name: 10gdjgarcia

19132 1577

PASTRA.NET, INC
U-1906-B Tektite East Tower, Exchange Road
San Antonio, Pasig City



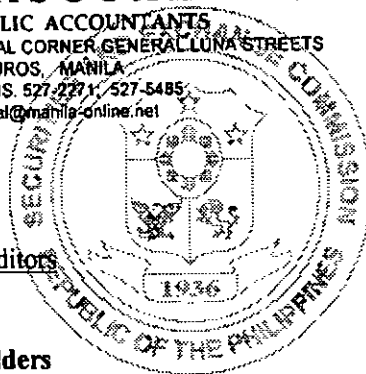
FINANCIAL REPORT
December 31, 2011

Date: 20-3-2013 Time: 8:51:21 AM

www.sec.gov.ph **PASCUAL, PASCUAL & CO.** CERTIFIED PUBLIC ACCOUNTANTS Name: 10gdjgarcia

PASCUAL, PASCUAL & CO.

CERTIFIED PUBLIC ACCOUNTANTS
 LEDESMA BUILDING NO. 2 REAL CORNER GENERAL LUNA STREETS
 INTRAMUROS, MANILA
 TELEPHONE NOS. 527-2271, 527-5485
 E-mail: pascual@manila-online.net



Supplemental Written Statement to
Accompany Report of Independent Auditors

The Board of Directors and Stockholders
PASTRA.NET, INC.
 U-1906-B Tektite East Tower, Exchange Road
 San Antonio, Pasig City

We have examined the financial statements of PASTRA.NET, INC. as of December 31, 2011 on which we have rendered our report dated March 7, 2012.

In compliance with SRC rule 68, we are stating that the said company has five (5) stockholders owning one hundred (100) or more shares each.

PASCUAL, PASCUAL & CO., CPAs

TIN 002-460-813-000

By:

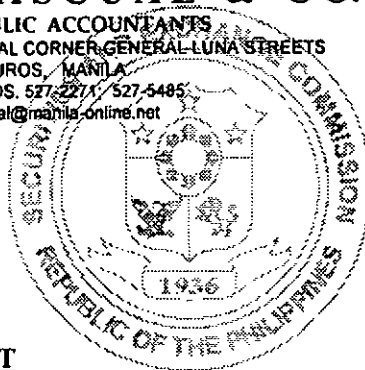
MERIAN M. TANDINGAN
 Partner (signing for the firm)
 CPA Certificate No. 89850
 PTR No. MLA 0464199
 Issued January 30, 2012, Manila
 Tax Identification No. 157-783-230-000
 BIR A.N. (Individual) 06-002404-I-2008
 PRC/BOA Registration No. 0131
 (January 27, 2010 – December 31, 2012)

March 7, 2012
 Intramuros, Manila, Philippines

Date: 20-3-2013 Time: 8:51:22 AM

PASCUAL, PASCUAL & CO.

CERTIFIED PUBLIC ACCOUNTANTS
 LEDESMA BUILDING NO. 2 REAL CORNER GENERAL LUNA STREETS
 INTRAMUROS, MANILA
 TELEPHONE NOS. 527-2211, 527-5485
 E-mail: pascual@manila-online.net

**INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Stockholders
PASTRA.NET, INC.
 U-1906-B Tektite East Tower, Exchange Road
 San Antonio, Pasig City

We have audited the accompanying financial statements of PASTRA.NET, INC., which comprise the statements of financial position as at December 31, 2011 and 2010 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs); and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

www.sec.gov.ph We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. User Name: 1090jya1c1a

19132-1580

Opinion

In our opinion, the financial statements presented in all material respects, the financial position of VASIRA.NET, INC., as at December 31, 2011 and 2010 and of its financial performance and its cash flows for the period then ended and in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs).

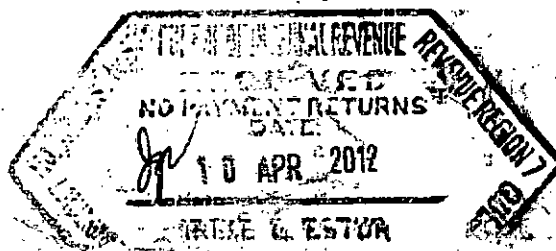
Report on the Supplementary Information Required Under Revenue Regulation 15-2010 of the Bureau of Internal Revenue (BIR).

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees in Note 14 of the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements; such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

PASCUAL, PASCUAL & CO., CPAs
TIN 002-460-813-000

[Signature]
MERIAN M. TANDINGAN
Partner (signing for the firm)
CFA Certificate No. 89850
PTR No. MLA 0464199
Issued January 30, 2012, Manila
Tax Identification No. 157-783-230-000
BIR A.N. (Individual) 06-002404-1-2008
PRC/BOA Registration No. 0131
(January 27, 2010 – December 31, 2012)

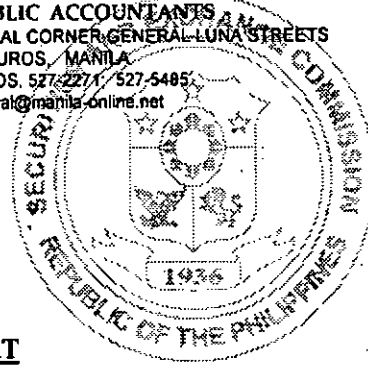
March 7, 2012
Introsuros, Manila, Philippines



19132 1579

PASCUAL, PASCUAL & CO.

CERTIFIED PUBLIC ACCOUNTANTS
LEDESMA BUILDING NO. 2 REAL CORNER GENERAL LUNA STREETS
INTRAMUROS, MANILA
TELEPHONE NOS. 527-2271 / 527-5485
E-mail: pascual@manila-online.net



INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
PASTRA.NET, INC.
U-1906-B Tektite East Tower, Exchange Road
San Antonio, Pasig City

We have audited the accompanying financial statements of PASTRA.NET, INC., which comprise the statements of financial position as at December 31, 2011 and 2010 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs); and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

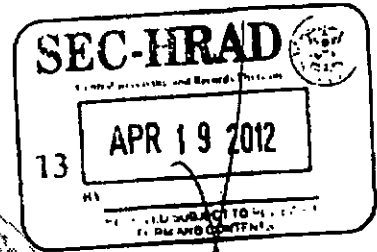
Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

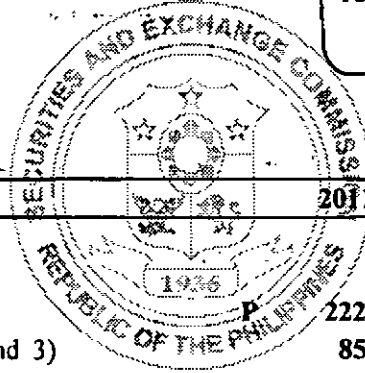
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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PASTRA.NET, INC.
Statements of Financial Position
December 31, 2011 and 2010



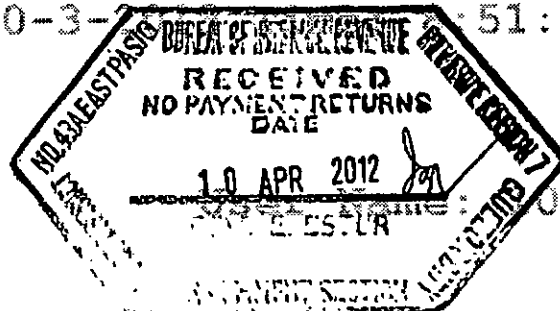
| | 2011 | 2010 |
|---|--------------------|--------------------|
| ASSETS | | |
| Current Assets | | |
| Cash (notes 2 and 5) | 222,549 P | 502,661 |
| Accounts receivable - others (notes 2 and 3) | 85,816 | 50,000 |
| Prepaid expenses (notes 2 and 6) | 740,681 | 729,519 |
| Total | 1,049,046 | 1,282,180 |
| Non-Current Assets | | |
| Property and equipment - net (notes 2, 3, 7 and 11) | 251,920 | 356,996 |
| Rental deposits (notes 2 and 12) | - | 105,000 |
| Deferred tax asset - (notes 2 and 10) | 1,170,147 | 1,001,094 |
| Intangible asset (notes 2 and 8) | 2,901,785 | 3,264,509 |
| Total | 4,323,852 | 4,727,599 |
| TOTAL ASSETS | P 5,372,898 | P 6,009,779 |

LIABILITY AND EQUITY

| | | |
|--|--------------------|--------------------|
| Current Liability | | |
| Trade and other payables (notes 2, 9 and 13) | P 1,679,042 | P 1,142,324 |
| Equity | | |
| Capital stock (notes 2 and 4) | 7,562,400 | 7,562,400 |
| Retained earnings (note 2) | (3,868,544) | (2,694,945) |
| Total | 3,693,856 | 4,867,455 |
| TOTAL LIABILITY AND EQUITY | P 5,372,898 | P 6,009,779 |

See Notes to Financial Statements

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of PASTRA.NET, INC., as at December 31, 2011 and 2010 and of its financial performance and its cash flows for the period then ended and in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs).

Report on the Supplementary Information Required Under Revenue Regulation 15-2010 of the Bureau of Internal Revenue (BIR)

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees in Note 14 of the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

PASCUAL, PASCUAL & CO., CPAs

TIN 002-460-813-000

By:

MERIAN M. TANDINGAN

Partner (signing for the firm)

CPA Certificate No. 89850

PTR No. MLA 0464199

Issued January 30, 2012, Manila

Tax Identification No. 157-783-230-000

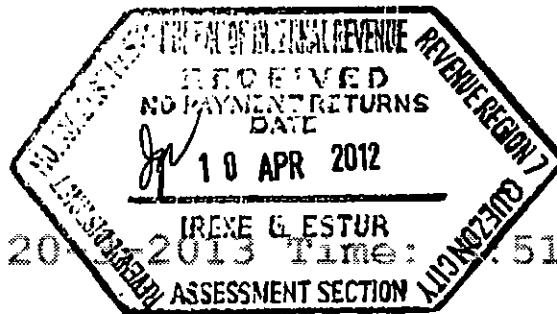
BIR A.N. (Individual) 06-002404-1-2008

PRC/BOA Registration No. 0131

(January 27, 2010 – December 31, 2012)

March 7, 2012

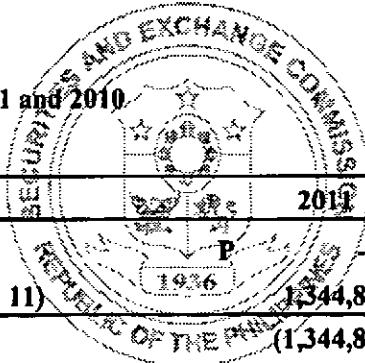
Intramuros, Manila, Philippines



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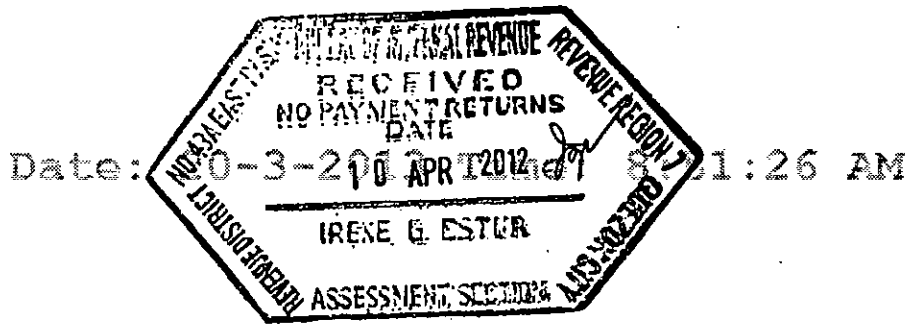
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PASTRA.NET, INC.
Statements of Comprehensive Income
For the Years Ended December 31, 2011 and 2010



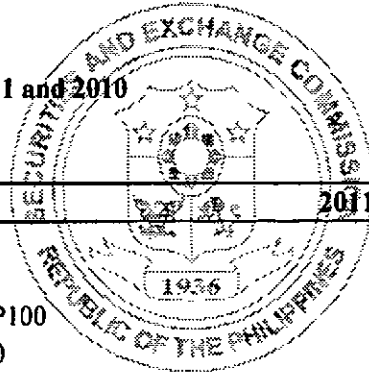
| | 2011 | 2010 |
|--|-------------|-------------|
| REVENUES (note 2) | - | - |
| OPERATING EXPENSES (notes 2 and 11) | 1,344,886 | 1,206,465 |
| OPERATING INCOME | (1,344,886) | (1,206,465) |
| INTEREST INCOME (note 2) | 2,234 | 4,167 |
| NET LOSS BEFORE TAX | (1,342,652) | (1,202,298) |
| PROVISION FOR INCOME TAX (notes 2 and 10) | 169,053 | 228,779 |
| NET LOSS FOR THE YEAR | (1,173,599) | (973,519) |
| EARNINGS PER SHARE (EPS) (note 2) | P (6.71) P | (5.56) |

See Notes to Financial Statements



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PASTRA.NET, INC.
Statements of Changes in Equity
For the Years Ended December 31, 2011 and 2010

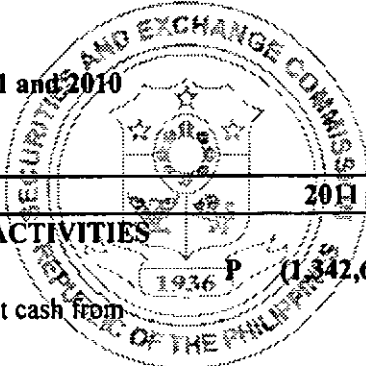


| | 2011 | 2010 |
|--|--------------------|--------------------|
| CAPITAL STOCK (notes 2 and 4) | | |
| Authorized capital - 175,000 shares at P100 par value per share P17,500,000 | | |
| Subscribed capital - 175,000 shares | P 17,500,000 | P 17,500,000 |
| Subscription receivable | (9,937,600) | (9,937,600) |
| Total | 7,562,400 | 7,562,400 |
| RETAINED EARNINGS | | |
| Balance, beginning | (2,694,945) | (1,721,426) |
| Net loss for the year | (1,173,599) | (973,519) |
| Balance end of year | (3,868,544) | (2,694,945) |
| TOTAL EQUITY | P 3,693,856 | P 4,867,455 |

See Notes to Financial Statements

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PASTRA.NET, INC.
Statements of Cash Flows
For the Years Ended December 31, 2011 and 2010



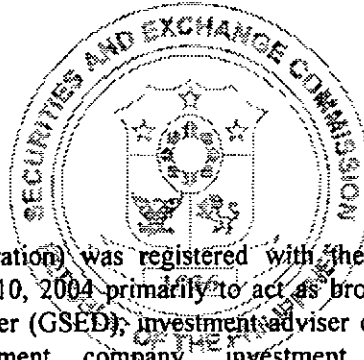
| | 2011 | 2010 |
|---|--------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss before tax | P (1,342,652) | P (1,202,298) |
| Adjustments to reconcile net income to net cash from operating activities | | |
| Depreciation (notes 2, 3, 7 and 11) | 155,076 | 122,746 |
| Interest income (note 2) | (2,234) | (4,167) |
| Operating loss before working capital changes | (1,189,810) | (1,083,719) |
| Operating assets and liabilities: | | |
| Accounts receivable (notes 2 and 3) | (35,816) | - |
| Accounts payable (notes 2, 9 and 13) | 536,718 | 114,244 |
| Prepaid expenses (notes 2 and 6) | (11,162) | (136,017) |
| Rental deposits (notes 2 and 12) | 105,000 | - |
| Cash from (used in) operating activities | (595,070) | (1,105,492) |
| Interest income (note 2) | 2,234 | 4,167 |
| Net cash from (used in) operating activities | (592,836) | (1,101,325) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Property and equipment (notes 2, 3, 7 and 11) | (50,000) | - |
| Intangible asset (notes 2 and 8) | 362,724 | (362,723) |
| Net cash used in investing activities | 312,724 | (362,723) |
| CASH FLOWS FROM FINANCING ACTIVITY | | |
| Paid-up capital (notes 2 and 4) | - | 499,900 |
| NET DECREASE IN CASH | (280,112) | (964,149) |
| CASH BALANCE - BEGINNING | 502,661 | 1,466,810 |
| CASH BALANCE - END (notes 2 and 5) | P 222,549 P | 502,661 |

See Notes to Financial Statements

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PASTRA.NET, INC.
Notes to Financial Statements
December 31, 2011 and 2010



1. GENERAL

PASTRA.NET, Inc., (the Corporation) was registered with the Securities and Exchange Commission (SEC) on November 10, 2004 primarily to act as broker or dealer in securities, government securities eligible dealer (GSED), investment adviser of an investment company, close-end or open-end investment company, investment house, transfer agent, commodity/financial futures exchange/broker/merchant, financing company, pre-need plan issuer, general agent in pre-need plans and time shares/club shares/membership certificates issuers or selling agents thereof.

The principal office address of the Corporation is located at U-1906-B Tektite East Tower, Exchange Road, San Antonio, Pasig City.

The accompanying financial statements of the Corporation were approved and authorized for issue by the Board of Directors (BOD) of the Corporation on March 7, 2012.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Corporation's financial statements for the year ended September 30, 2011 have been prepared in accordance with the *Philippine Financial Reporting Standard for Small and Medium-sized Entities* issued by the International Accounting Standards Board (IASB) as approved by the Financial Reporting Standards Council (FRSC), and Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SMEs) adopted by the SEC effective for annual period beginning on or after January 1, 2010.

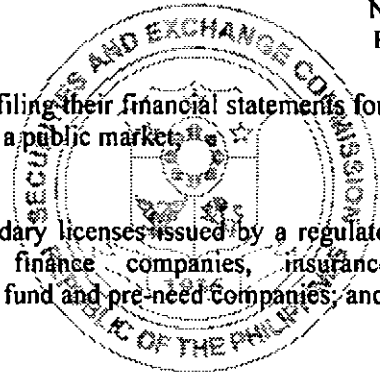
New Philippine Accounting Standards

PFRS for SMEs was adopted on October 13, 2009 by the Financial Reporting Standards Council (FRSC) from the International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB). PFRS for SMEs is a stand-alone standard and is designed to meet the financial reporting needs of entities that (a) do not have public accountability and (b) publish general purpose financial statements for external users.

The Securities and Exchange Commission (SEC) has approved the adoption of PFRS for SMEs effective for annual periods beginning January 1, 2010 covering corporations that meet all of the following criteria:

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- a. Have total assets of between P3 million and P350 million or total liabilities of between P3 million and P250 million;
- b. Are not required to file financial statements under SRC Rule 68.1;

- 
- c. Are not in the process of filing their financial statements for the purpose of issuing any class of instruments in a public market.
 - d. Are not holders of secondary licenses issued by a regulatory agency, such as banks, investment houses, finance companies, insurance companies, securities broker/dealers, mutual fund and pre-need companies; and
 - e. Are not public utilities.

As the Corporation qualifies as SME, it adopted the PFRS for SMEs effective January 1, 2010.

The accompanying financial statements have been prepared on the historical cost basis. These are presented in Philippine Peso, the Corporation's functional and presentation currency.

In preparing the Corporation's financial statements in accordance with the PFRS and SME's, relevant accounting policies have been applied. The more significant accounting policies and procedures applied in the preparation of the financial statements are set forth to facilitate the understanding of data presented.

Revenue, cost and expense recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of business. Revenue is shown net of value added tax, returns, rebates and discounts.

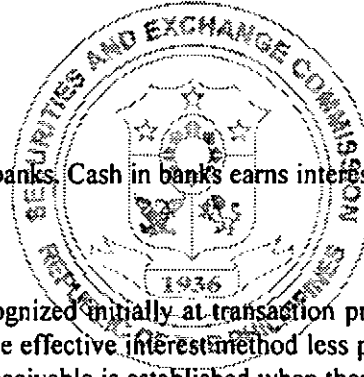
Revenue is recognized when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and the specific criteria have been met.

Interest income is recognized using the effective interest method.

Cost and expenses are recognized in the statement of comprehensive income upon utilization of the service or at the date these are incurred. Finance costs are reported on an accrual basis.

Financial Assets and Liabilities

Financial assets and financial liabilities are recognized in the Corporation's financial statements when the corporation becomes a party to the contractual provision of the instruments. Financial assets are recognized entirely at fair value. All financial assets that are not classified as at fair value through profit or loss are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at fair value through profit and loss are initially recorded at fair value and transaction costs related to it are recognized in the statement of comprehensive income. Financial liabilities are measured at amortized cost.

**Cash**

Cash includes cash on hand and in banks. Cash in banks earns interest at bank deposit rates.

Accounts receivable- others

Accounts receivable others are recognized initially at transaction price. They are subsequently measured at amortized cost using the effective interest method less provision for impairment. A provision for impairment of other receivable is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of the receivables.

Impairment of financial assets

The Corporation assesses at each reporting date whether there is objective evidence that a financial asset or group of financial asset is impaired. The financial asset or group of financial asset is impaired and impairment losses are incurred, only if there is objective evidence of impairment that can be reliably estimated as a result of one or more events that occurred after the initial recognition of the asset or group of financial assets.

Prepaid Expenses

These are expenses paid in advance and recorded as assets before these are used or consumed, as the service or benefit will be received in the future. Prepaid expenses expire and are recognized as expense either with the passage of time or through use or consumption.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. When assets are sold or retired, their costs and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statements of income.

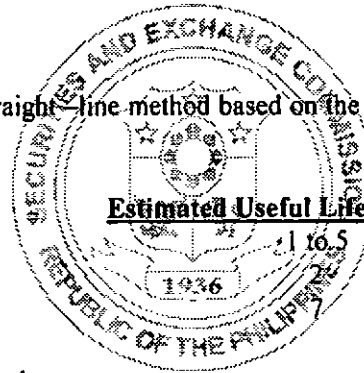
The initial cost of property and equipment comprises its purchase price and directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the fixed assets have been put into operation such as repairs and maintenance are normally recognized as expense in the period in which the cost are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted to an increase in the future economic benefits expected to be obtained from the use of an item property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

The useful life and depreciation and amortization are reviewed periodically to ensure that the periods and methods of depreciation and amortization are consistent with the expected pattern of benefits from items of property and equipment.

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

| | <u>Estimated Useful Life in Years</u> |
|------------------------|---------------------------------------|
| Office equipment | 1 to 5 |
| Furniture and fixtures | |
| Leasehold improvement | |



Impairment of Non-Monetary Assets

The carrying value of non-monetary assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, or when the carrying value exceed the estimated recoverable, an impairment loss is recognized in the statement of comprehensive income. The recoverable amount is greater of the assets net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction which value in use is the present value of estimated future cash flow expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer expect.

Intangible assets

Software are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over the estimated useful lives of the asset. There were no amortizations recorded yet since the software is not yet in use.

Trade and other payables

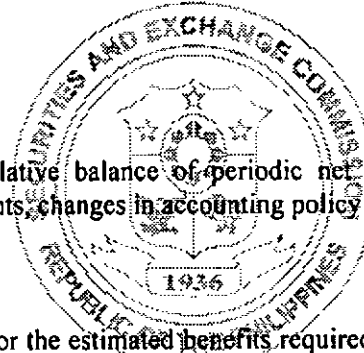
Trade and other payables are non-interest bearing and are recognized initially at their nominal value as these are either short-term in nature or payable on demand.

Trade and other payables are liabilities to pay goods or services that have been received or supplied and have been invoiced or formally agreed with the suppliers.

Trade payables are subsequently measured at amortized costs using effective interest method.

Capital Stock

Capital stock is measured at the fair value of the cash or other resources received or receivable. If payment is deferred the time value of money is material, the initial measurement is on a present value basis.

**Retained earnings**

Retained earnings represent cumulative balance of periodic net income or loss, dividends distributions, prior period adjustments, changes in accounting policy and other adjustments.

Employee benefits

The Corporation is yet to provide for the estimated benefits required to be paid under Republic Act (RA) 7641 for its qualified employees taking into consideration among others, the current salary rates and the length of credited services rendered by the employees.

Income taxes

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

The current income tax charge is calculated on the basis of tax rate and laws that have been enacted or substantively enacted.

Deferred income tax is recognized on temporary differences arising between the assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

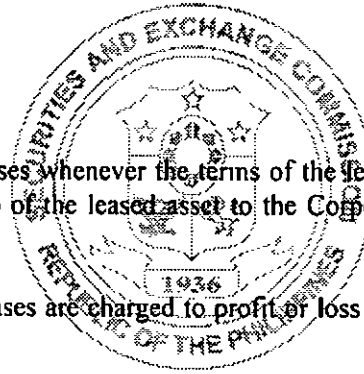
The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals to the highest amount that is more likely than not to be recovered based on current future taxable profit.

Related Parties

Parties are considered related if one party has control, joint control, and significant influence over the other party in making financial and operating decisions. Parties are considered to be related if they are subject to common controls or common significant influence. Related parties may be individuals or corporate entities

Contingencies

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

**Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Corporation. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Subsequent Events

The Corporation identifies subsequent events as events that occurred after the balance sheet date but before the date when the financial statements were authorized for issue. Any subsequent events that provide additional information about the Corporation's financial position at the balance sheet date are reflected in the financial statements.

Events that are not adjusting events are disclosed in the notes to the financial statements when material.

Earnings (Loss) per Share (EPS)

Earnings per share were computed by dividing profit by the number of shares subscribed at the end of the year.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The Corporation's financial statements prepared in accordance with PFRS for SMEs require management to make judgments and estimates that affect amounts reported in the financial statements and related notes.

Judgments

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

Functional Currency

The Corporation has determined that its functional currency is the Philippine Peso which is the currency of the primary economic environment in which the Corporation operates.

Estimates

The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances in the Corporation's financial statements. Actual results could differ from those estimates. The following are the relevant estimates performed by management on its December 31, 2011 and 2010 financial statements.

Useful Life of Property and Equipment

The Corporation estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful life of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear on the use of the assets. In addition, estimation of the useful life of property and equipment is based on collective assessment of industry practice with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful life of property and equipment would increase recorded operating expenses and decrease non-current assets.

Property and equipment net of accumulated depreciation amounted to P251,920 and P356,996 as of December 31, 2011 and 2010, respectively, (see note 7).

Allowance for Impairment of Accounts Receivable and other advances

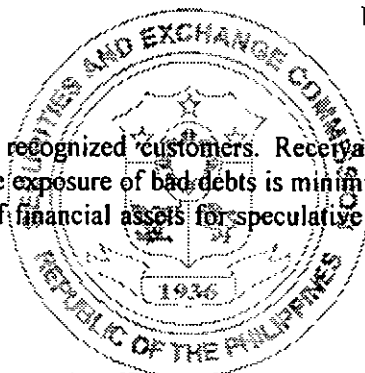
Allowance is made for specific and groups of accounts, where objective evidence of impairment exists. The Corporation evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Corporation's relationship with the clients, the clients' credit status based on third party credit reports and known market forces, average age of accounts, collection experience and historical loss experience.

No provision for impairment loss on trade and other receivables since management believes that all receivables are collectible.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Corporation is exposed to certain risks which arise in the normal course of the Corporation's activities. The Corporation's risk management is coordinated with and in close cooperation with the Board of Directors and focuses on actively securing the Corporation's short-to-medium-term cash flows by minimizing the exposure to financial risks.

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Credit risk

The Corporation trades only with recognized customers. Receivables are monitored on an ongoing basis with the result that the exposure of bad debts is minimized. The Corporation does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Liquidity Risk

Liquidity risk is the risk that there are insufficient funds available to adequately meet the currently maturing obligations of the Corporation. The Corporation manages liquidity risk by holding sufficient liquid assets of appropriate quality to ensure short-term funding requirements are met. In addition, the Corporation maintains sufficient liquid assets to take advantage of favorable investments opportunities when it arises.

The following table shows the current assets and current liabilities of the Corporation together with the current ratio and net working capital to help analyze the liquidity of the Corporation.

| | 2011 | 2010 |
|-----------------------------|-------------------|------------------|
| Current Assets | | |
| Cash | P222,549 | P502,661 |
| Accounts receivable | 85,816 | 50,000 |
| Prepaid expenses | 740,681 | 729,519 |
| Total Current Assets | 1,049,046 | 1,282,180 |
| Current Liability | | |
| Accounts payable | 1,679,042 | 1,142,324 |
| Current ratio | 0.62:1 | 1.12:1 |
| Net Working Capital | P(629,996) | P139,856 |

Interest Rate risk

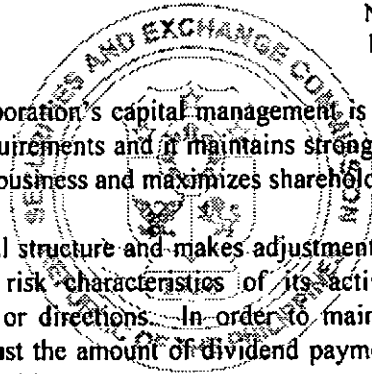
Interest rate risk arises from the possibility that changes in the interest rate will affect the fair value of financial instruments. The Corporation's interest rate risk is very minimal because the primary financial liabilities, trade and other payables are non interest bearing.

Capital management

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As of December 31, 2011, the Corporation's authorized share capital is P17,500,000, divided into common shares of 175,000 at P100 par value of which P17,500,000 are subscribed and P7,562,400 are paid up.

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The primary objectives of the Corporation's capital management is to ensure that it complies with externally imposed capital requirements and it maintains strong credit ratings and healthy capital ratios in order to support its business and maximizes shareholder's value.

The Corporation manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of its activities and assessment of prospective business requirements or directions. In order to maintain or adjust the capital structure, the Corporation may adjust the amount of dividend payment to shareholders, return capital structure of issue capital securities.

The Corporation's Board of Directors regularly reviews the Corporation's policies on capital management and allocation.

The debt to equity ratio at year end are as follows:

| | 2011 | 2010 |
|----------------------|------------|------------|
| Debt | P1,679,042 | P1,142,324 |
| Equity | 3,693,856 | 4,867,455 |
| Debt to equity ratio | 0.45:1 | 0.23:1 |

Market risks

- a. Cash flow and fair value interest rate risk/liquidity risk

This risk is managed by means of securing non-interest bearing loans from its stockholders to ensure short to medium term liquidity. Currently, the Corporation has no loans from third parties with floating interest rates.

- b. Foreign exchange risk

The Corporation has no significant exposure to foreign currency risks as most transaction is denominated in Philippine pesos, as its functional and presentation currency.

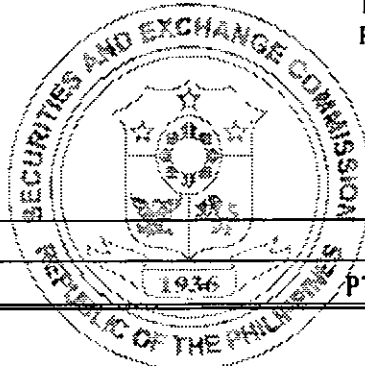
5. CASH

This account consists of:

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| | 2011 | 2010 |
|--------------|----------|----------|
| Cash in bank | P222,549 | P481,139 |
| Cash on hand | - | 21,522 |
| Total | P222,549 | P502,661 |

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6. PREPAID EXPENSES

This account consists of:

| | 2011 | 2010 |
|-----------|----------|----------|
| Input vat | P740,681 | P729,519 |

7. PROPERTY AND EQUIPMENT - net

The reconciliation of property and equipment is as follows:

As of December 31, 2011:

| | Net Carrying Amount | | | Net Carrying Amount |
|------------------------|---------------------|----------------|-----------------|---------------------|
| | January 01, 2011 | Acquisition | Depreciation | December 31, 2011 |
| Leasehold improvement | P32,670 | P- | P32,670 | P- |
| Office equipment | 324,326 | - | 114,073 | 210,253 |
| Furniture and fixtures | - | 50,000 | 8,333 | 41,667 |
| Total | P356,996 | P50,000 | P155,076 | P251,920 |

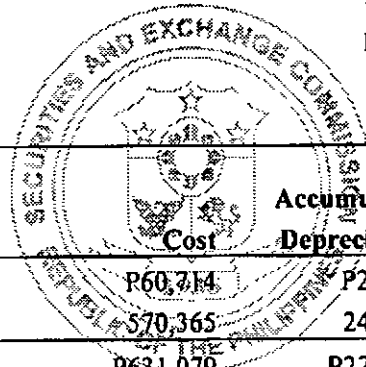
| | Cost | Acquisition | Accumulated Depreciation | Net Book Value December 31, 2011 |
|------------------------|-----------------------|----------------|--------------------------|----------------------------------|
| | Leasehold improvement | P60,714 | P- | P60,714 |
| Office equipment | 570,365 | - | 360,112 | 210,253 |
| Furniture and fixtures | - | 50,000 | 8,333 | 41,667 |
| Total | P631,079 | P50,000 | P429,160 | P251,920 |

As of December 31, 2010:

| | Net Carrying Amount | | Net Carrying Amount |
|-----------------------|---------------------|-----------------|---------------------|
| | January 01, 2010 | Depreciation | December 31, 2010 |
| Leasehold improvement | P41,343 | P8,673 | P32,670 |
| Office equipment | 438,399 | 114,073 | 324,326 |
| Total | P479,742 | P122,746 | P356,996 |

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forwarded:

| | Cost | Accumulated Depreciation | Net Carrying Amount December 31, 2010 |
|-----------------------|-----------------|-----------------------------|---|
| Leasehold improvement | P60,714 | P28,044 | P32,670 |
| Office equipment | 570,365 | 246,039 | 324,326 |
| Total | P631,079 | P274,083 | P356,996 |

As of December 31, 2009:

| | Cost | Accumulated Depreciation | Net Carrying Amount December 31, 2009 |
|-----------------------|-----------------|-----------------------------|---|
| Leasehold improvement | P60,714 | P19,371 | P41,343 |
| Office equipment | 570,365 | 131,966 | 438,399 |
| Total | P631,079 | P151,337 | P479,742 |

8. INTANGIBLE ASSET

This account consists of:

| | 2010 | 2011 |
|-------------------|------------|------------|
| Computer Software | P2,901,785 | P3,264,509 |

9. ACCOUNTS PAYABLE

This account consists of:

| | 2011 | 2010 |
|--|-------------------|-------------------|
| Accounts payable- affiliates (note 13) | P1,489,200 | P- |
| Accounts payable- others | 77,904 | 890,404 |
| Withholding tax - Expanded | 87,611 | 96,500 |
| Pascual, Pascual & Co., CPAs | 20,160 | 18,480 |
| Withholding tax - Compensation | 2,167 | - |
| TCG and Sons, Inc. | 2,000 | 136,940 |
| Total | P1,679,042 | P1,142,324 |

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10. PROVISION FOR INCOME TAX

The reconciliation of income tax computed at the statutory tax rate with actual tax provision (benefit) for the years ended December 31, 2011 and 2010 are shown below:

| <i>Regular Corporate Income Tax (RCIT)</i> | 2011 | 2010 |
|--|--------------|--------------|
| Net loss before tax | P(1,342,652) | P(1,202,298) |
| Less: Interest income | 2,234 | 4,167 |
| Net | (1,344,886) | (1,206,465) |
| Tax Rate | 0.30 | 0.30 |
| Provision for income tax | (403,466) | (361,940) |
| Tax Effect of NOLCO | - | - |
| Expired NOLCO - 2007 | - | 133,161 |
| Expired NOLCO - 2008 | 234,413 | - |
| Total | P(169,053) | P(228,779) |

Deferred tax asset:

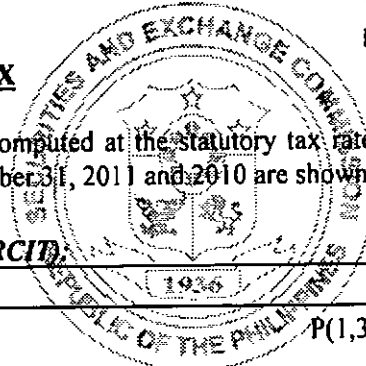
| | 2011 | 2010 |
|------------|------------|------------|
| NOLCO 2008 | P- | P234,413 |
| NOLCO 2009 | 404,741 | 404,741 |
| NOLCO 2010 | 361,940 | 361,940 |
| NOLCO 2011 | 403,466 | - |
| Total | P1,170,147 | P1,001,094 |

No valuation allowance has been provided on deferred tax asset inasmuch as management assessed that the carry forward benefit is realizable in the near future.

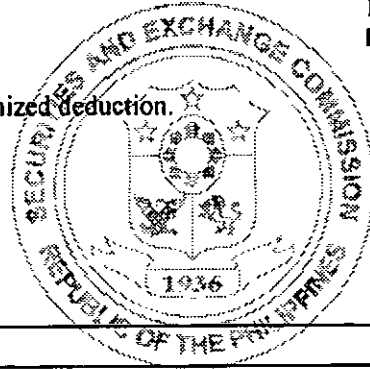
Relevant Tax Regulations

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

On February 18, 2010, the Bureau of Internal Revenue (BIR) issued RR No. 2-2010. It requires a taxpayer who avails of the OSD in the first quarter of its taxable year to claim the same OSD in determining its taxable income for the rest of the year, including final annual income tax return. Likewise, a taxpayer who avails of the itemized deduction in the first quarter of its taxable year or fails to file an income tax return for the first quarter of the taxable year shall have to claim the itemized deduction in determining the taxable income for the rest of the year, including the final income tax return. The amendment is applicable beginning annual period ended December 31,



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The Corporation opted to adopt itemized deduction.

11. OPERATING EXPENSES

This account consists of:

| | 2011 | 2010 |
|------------------------------------|-------------------|-------------------|
| Rent (note 12) | P350,000 | P600,000 |
| Consultancy fee | 288,889 | - |
| Salaries, wages and other benefits | 286,000 | 189,000 |
| Depreciation (notes 2, 3 and 7) | 155,076 | 122,746 |
| Association dues | 75,554 | 147,220 |
| Communication | 54,276 | 106,228 |
| Professional fees | 43,000 | 22,621 |
| Repairs and maintenance | 39,600 | - |
| Taxes and licenses (note 14) | 21,222 | 16,500 |
| Office supplies | 15,260 | - |
| Meals | 2,209 | - |
| Miscellaneous | 13,800 | 2,150 |
| Total | P1,344,886 | P1,206,465 |

12. LEASE AGREEMENT

The Corporation enters into a lease agreement for their office spaces. The Corporation leases their office spaces for a period of one year, renewable under certain terms and conditions stipulated in the operating lease agreements. At the end of the terms of certain leases, all improvements shall be surrendered and become the property of the lessor. Total deposits amounted to P105,000 in 2010.

Total rent expense on this lease amounted to P350,000 and P600,000 in 2011 and 2010, respectively.

Lease agreement between the Corporation and TCG and Sons, Inc. expired in 2011.

13. RELATED PARTIES

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The Corporation has outstanding advances from affiliates amounting to P1,489,200 as of December 31, 2011. These are non interest bearing, unsecured and are payable on demand.

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14. REPORT ON THE SUPPLEMENTARY INFORMATION REQUIRED BY BUREAU OF INTERNAL REVENUE (BIR)

On November 25, 2010, the Bureau of Internal Revenue (BIR) issued Revenue Regulation (RR) 15-2010, which required certain information on taxes, duties and licenses fees paid or accrued during the taxable year to be disclosed as part of the notes to financial statements. This supplemental information, which is in addition to the disclosures mandated under PFRS is presented as follows:

a) INPUT TAX

This account consists of:

| | Tax Base | Tax |
|--|-------------------|-----------------|
| Balance, beginning | P5,716,608 | P685,993 |
| Current years purchases: | | |
| Domestic purchases of goods other than capital goods | 8459.25 | 1,015 |
| Domestic purchases of services | 447,276 | 53,673 |
| Balance, ending | P6,172,343 | P740,681 |

b) WITHOLDING TAX on COMPENSATION

This account consists of:

| | Tax Base | Tax |
|--------------------------------|----------|--------|
| Salaries, wages and allowances | P286,000 | P9,350 |

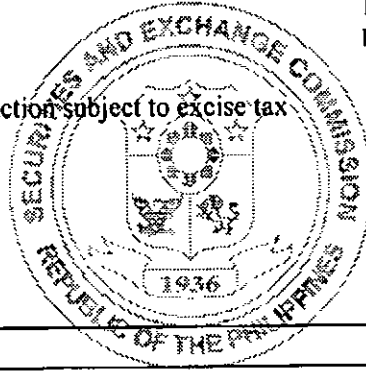
c) WITHOLDING TAX on EXPANDED

This account consists of:

| | Tax Base | Tax |
|-------------------|-----------------|----------------|
| Consultancy fee | P288,889 | P28,889 |
| Rental | 350,000 | 17,500 |
| Professional fees | 45,000 | exempt |
| Total | P681,889 | P46,389 |

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d) The Corporation has no transaction subject to excise tax

e) **TAXES AND LICENSES**

This consists of:

| | |
|--------------------------------------|----------------|
| Internal Revenue Taxes: | |
| Annual registration fee (0605) | P500 |
| Local Taxes: | |
| Residence tax - basic and additional | 620 |
| Mayor's permit | 18,574 |
| Barangay clearance | 665 |
| Fire inspection fee | 863 |
| Total | P21,222 |

f) The Corporation has not received any deficiency tax assessment during the year.

g) The Corporation has no tax case under preliminary investigation and/or prosecution in courts or bodies outside the BIR.

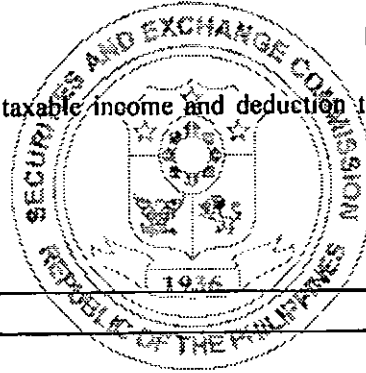
15. SUPPLEMENTARY INFORMATION REQUIRED BY REVENUE REGULATION NO. 19-2011 BY BUREAU OF INTERNAL REVENUE (BIR)

On December 9, 2011, the Bureau of Internal Revenue (BIR) issued Revenue Regulation (RR) 19-2011 prescribing the new BIR forms that should be used for filing covering and starting with calendar year 2011 and modifies Revenue Memorandum 57-2011. In the Guidelines and Instructions Section of the new BIR Form 1702 (November 2011 version), the taxpayer is now required to include as part of its notes to audited financial statements, schedules and information on taxable income and deduction taken.

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The schedule and information of taxable income and deduction taken for the calendar year 2011 is as follows:



a) **ITEMIZED DEDUCTION**

| | Regular Rate |
|------------------------------------|---------------------|
| Rent (note 12) | P350,000 |
| Consultancy fee | 288,889 |
| Salaries, wages and other benefits | 286,000 |
| Depreciation (notes 2, 3 and 7) | 155,076 |
| Association dues | 75,554 |
| Communication | 54,276 |
| Professional fees | 43,000 |
| Repairs and maintenance | 39,600 |
| Taxes and licenses (note 14) | 21,222 |
| Office supplies | 15,260 |
| Meals | 2,209 |
| Miscellaneous | 13,800 |
| Total | P1,344,886 |

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