SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS STRICTLY CONFIDENTIAL

NOW Corporation

(A corporation duly incorporated under the laws of the Republic of the Philippines)

Primary Offer of 5,000,000 Redeemable Convertible Cumulative Non-Participating Non-Voting Peso-denominated Preferred "A" Shares with an Oversubscription Option of Subscriptions to 5,000,000 Preferred "A" Shares, with 25,000,000 underlying Common Shares and an additional 25,000,000 Common Shares upon the exercise of the Oversubscription Option, which Common Shares shall be issued upon conversion of the Preferred "A" Shares at a conversion price of ₱20.00 per share, or a conversion ratio of 5 Common Shares for every 1 Preferred "A" Share, at an Initial Dividend Rate of [7.5544% to 8.3044%][1] per annum and an Offer Price of ₱100.00 per share to be listed and traded on the Main Board of the Philippine Stock Exchange, Inc.

and

10,000,000 Detachable Subscription Warrants to be issued free of charge, with 10,000,000 underlying Common Shares, with an Oversubscription Option of Subscriptions to 10,000,000 Detachable Subscription Warrants and 10,000,000 underlying Common Shares to be listed and traded on the Main Board of the Philippine Stock Exchange, Inc.

Unicapital, Inc.

Issue Manager, Bookrunner and Underwriter

The date of this Preliminary Prospectus is [June __, 2018].

THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION.

[1] The Dividend Rate is subject to change and shall be finalized on the Dividend Rate Setting Date. The Dividend Rate shall be set within the sum of (i) the simple average of five (5) year PDST-R2 benchmark rates, or any such successor rate, for three (3) consecutive business days ending on (and including) the Dividend Rate Setting Date plus (ii) a spread of one hundred seventy-five (175) to two hundred fifty (250) basis points.

NOW Corporation
Unit 5-I, 5th Floor, OPL Building 100 C. Palanca St.
Legaspi Village, Makati City
+632 750-0211 / +632 640-6891
www.now-corp.com

This Prospectus relates to the offer and sale of 5,000,000 redeemable, convertible, cumulative, non-participating, non-voting, Peso-denominated, Preferred "A" Shares (the "Firm Shares") with an Oversubscription Option of 5,000,000 Preferred "A" Shares (the "Oversubscription Option") [collectively, the "Offer Shares"] with a par value of one peso (₱1.00) per share, with 25,000,000 underlying common shares and an additional 25,000,000 underlying common shares upon the exercise of the Oversubscription Option, which common shares shall be issued upon conversion of the preferred "A" shares at a conversion price of ₱20.00 per share, or a conversion ratio of 5 common shares for every 1 Preferred "A" Share, with 10,000,000 detachable subscription warrants (the "Warrants") to be issued free of charge, with 10,000,000 underlying common shares (the "Warrant Shares"), with an Oversubscription Option of 10,000,000 Warrants and 10,000,000 underlying common shares of NOW Corporation (the "Offer"), a listed corporation duly organized and existing under Philippine law (the "Company"), subject to the registration requirements of the Securities and Exchange Commission ("SEC").

The Offer Shares are being offered for subscription solely in the Philippines through Unicapital, Inc. (the "Issue Manager, Bookrunners and Underwriter") at a price of ₱100.00 per share (the "Offer Price").

Pursuant to its Articles of Incorporation as amended on January 10, 2017, the Company has an authorized capital stock of ₱2,120,000,000.00 divided into 2,060,000,000 common shares with a par value of one peso (₱1.00) per share and 60,000,000 preferred shares, with a par value of one peso (₱1.00) per share. For a more detailed discussion of the Company's capitalization, see section entitled "Description of the Shares" in this Prospectus.

The holders of the Offer Shares do not have identical rights and privileges with holders of the issued and outstanding common shares. Prior to the Offer, the Company had a total of 1,517,278,350 issued and outstanding common shares which are all fully paid-up; while its unissued or unsubscribed capital stock was 602,721,650 common and preferred shares. After completion of the Offer, the Company will have the following issued and outstanding shares: (i) 1,517,278,350 common shares; and (ii) 5,000,000 preferred "A" shares. The total unissued or unsubscribed capital stock of the Company after the Offer will be 597,721,650 common and preferred shares. With the Oversubscription Option of 5,000,000 preferred "A" shares, the total unissued or unsubscribed capital stock of the Company after the Offer will be 592,721,650 common and preferred shares. The Offer Shares will represent approximately 0.33% of the issued and outstanding capital stock of the Company after completion of the Offer without the Oversubscription Option, or approximately 0.66% with the Oversubscription Option.

The effect on the issued and outstanding shares of the Company upon full conversion of the Offer Shares to common shares and the full exercise of all the Warrants will depend on multiple factors such as the conversion price and conversion date of the Offer Shares, as well as strike price for the Warrants. For a more detailed discussion of the terms of the conversion of the Offer Shares to common shares and the exercise of the Warrants, see section entitled "Summary of the Offer" in this Prospectus.

Each Offer Share has nil-paid detachable subscription Warrants, which entitles the warrant holder to purchase common shares of the Company out of its unissued capital stock exercisable at the end of the second year until the end of the third year from the Listing Date of the Offer Shares, exercisable every quarter-end (the "Exercise Period"). These Warrants will be issued at the ratio of two (2) Warrants for every one (1) Offer Share, and subject to regulatory approval, will be listed at the Philippine Stock Exchange, Inc. ("PSE"). The Warrants may be sold, transferred or assigned to any person by the warrant holder, separate from and independent of, the Offer Shares to which the Warrants attach, subject to the applicable restrictions by law. For a detailed discussion of the terms of the Warrants, see section entitled "Summary of the Offer" in this Prospectus.

The Offer Shares are convertible to common shares of the Company at the option of the holder, between the third and fourth anniversary from the listing date (the "Conversion Dates") at a conversion price of twenty pesos ₱20.00 per share. The Company has the right but not the obligation to redeem the remaining outstanding Offer Shares which are not converted into common shares during the Conversion Dates (the "Redeemed Shares"), in whole or in part, five (5) years from the Issue Date, or on any Dividend Payment Date thereafter (the "Redemption Period") after giving not less than thirty (30) days but not more than sixty (60) days' written notice prior to the intended date of redemption, at a redemption price equal to the Offer Price of the Preferred "A" Shares plus all dividends due them on the actual date of redemption as well as all accumulated dividends due and payable, or dividends in which the declaration and/or payment have been deferred, in respect of prior Dividend Periods (the "Redemption Price"). Such notice to redeem shall be deemed irrevocable upon issuance thereof. For a detailed discussion of the terms of the Offer Shares, see section entitled "Summary of the Offer" in this Prospectus.

The declaration and payment of dividends on the Offer Shares will be subject to the sole and absolute discretion of the Board of Directors, to the extent permitted by law, and will depend upon the future results of operations and general financial condition, capital requirements of the Company and other factors the Board of Directors may deem relevant, provided that any stock dividend declaration requires the approval of shareholders holding at least two-thirds (2/3) of the Company's total outstanding capital stock. The Corporation Code has defined "outstanding capital stock" as the total shares of stock issued, whether paid in full or not, except treasury shares. There can be no guarantee that the Company will pay any dividends in the future.

As of the date of this Prospectus, the Company and its subsidiaries have no defined dividend policy, as such, the Company shall pay dividends depending on its current profitability and liquidity requirements. The amount of dividend declaration annually by the Company depends on the net income, cash availability and the investment projects as approved by the Board of Directors of the Company and each of the subsidiaries. The Company and its subsidiaries, in declaring and paying dividends, will also take into consideration the interests of its shareholders, their working capital, capital expenditures, debt servicing requirements as well as provisions of the Tax Code and the Corporation Code. For a more detailed discussion, see section entitled "Dividends and Dividend Policy" in this Prospectus.

As and if dividends are declared by the Board of Directors on the Offer Shares, the dividends payable to each holder of the Offer Shares will be at the [fixed rate of [7.5544% to 8.3044%][1] per annum] (the "Dividend Rate"), calculated in respect of each Offer Share.

The final Dividend Rate for the Offer Shares was determined through a book building process. The range at which the Issuer and Unicapital, Inc. accepted tenders in respect of the Offer Shares was within the sum of (i) the simple average of five (5) year PDST-R2 benchmark rates for three (3) consecutive business days ending on (and including) the Dividend Rate Setting Date plus (ii) a spread of one hundred seventy-five (175) to two hundred fifty (250) basis points. If the five (5) year PDST-R2 benchmark rate is not available or cannot be determined, any such successor rate that is generally accepted by the market or a self-regulatory organization as shown on the PDEX (or such successor page) of Bloomberg (or such successor electronic service provider) will be used.

Subject to the limitations on the payment of dividends as discussed in the section entitled "Summary of the Offer" in this Prospectus, dividend payment on the Offer Shares, if any, will be in the form of cash to be paid annually on such date to be set by the Board of Directors (the "Dividend Payment Date").

Dividends on the Offer Shares will be cumulative. If for any reason the Board of Directors of the Company does not declare dividends on the Offer Shares for a dividend period, the Company will not pay dividends on the Dividend Payment Date for that dividend period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Offer Shares will receive the accrued and unpaid dividends due them without interest on such Dividend Payment Date as well as the arrears of dividends to the holders of the Offer Shares prior to such Dividend Payment Date. The holders of the Offer Shares shall not be entitled to participate in any other or further dividends, whether cash, property or stock, beyond the dividends specifically payable on the Offer Shares on such Dividend Payment Date.

The total proceeds to be raised by the Company from the sale of the Firm Shares will be ₱500,000,000.00 without the Oversubscription Option, and ₱1,000,000,000.00 with the Oversubscription Option. The net proceeds to be raised by the Company from the Offer, estimated to be determined after deducting from the gross proceeds the underwriting and selling fees, registration and listing fees, taxes and other related fees and

1 The Dividend Rate is subject to change and shall be finalized on the Dividend Rate Setting Date. The Dividend Rate shall be set within the sum of (i) the simple average of five (5) year PDST-R2 benchmark rates, or any such successor rate, for three (3) consecutive business days ending on (and including) the Dividend Rate Setting Date plus (ii) a spread of one hundred seventy-five (175) to two hundred fifty (250) basis points.

expenses, will be approximately ₱471,047,693.75 without the Oversubscription Option, and ₱955,462,693.75 with the Oversubscription Option. The Company intends to use the net proceeds from the Offer partly to fund the expansion of Fiber-in-the-Air broadband service and for general corporate purposes. For a more detailed discussion of the Company's proposed use of proceeds, see "Use of Proceeds" section of this Prospectus.

On February 17, 2017, the Company filed an application with the SEC to register the Offer Shares and the Warrants in accordance with the provisions of the Securities Regulation Code and its amended implementing regulations ("SRC"). The SEC is expected to issue an order rendering the Registration Statement effective, and is expected to issue a corresponding permit to offer securities for sale covering the Offer Shares. As a listed company, the Company regularly disseminates such updates and information in its disclosures to the SEC and the PSE.

On February 21, 2017, the Company filed its application for the listing and trading of the Offer Shares (together with their underlying common shares), the Warrants and the Warrant Shares with the PSE. An approval for listing is permissive only and does not constitute a recommendation or endorsement of the Offer Shares and the Warrants by the PSE. The PSE assumes no responsibility for the correctness of any statements made or opinions expressed in this Prospectus. The PSE makes no representation as to its completeness and expressly disclaims any liability whatsoever for any loss arising from reliance on the entire or any part of the Prospectus.

The Issue Manager, Bookrunner and Underwriter will receive issue management, underwriting and selling fees from the Company equivalent to [3%] of the gross proceeds from the sale of the Offer Shares. For a more detailed discussion on the fees to be received by the Issue Manager, Bookrunner and Underwriter, see "Plan of Distribution" of this Prospectus.

Each of the 132 PSE Trading Participants shall initially be allocated 7,500 Firm Shares, with a total of 990,000 Firm Shares, or 20%, of the Offer to be offered and sold at the Offer Price to the PSE Trading Participants. There will be a total of 10,000 residual Firm Shares to be allocated as may be determined by the Underwriter. The remaining 4,000,000 Firm Shares, or 80% of the total Firm Shares, shall be distributed by the Issue Manager, Bookrunner and Underwriter to qualified buyers and to the general public. Firm Shares not taken up by the PSE Trading Participants, qualified buyers and the general public shall be purchased by the Issue Manager, Bookrunner and Underwriter under a firm commitment pursuant to an underwriting agreement to be executed by and between the Company and the Underwriter (the "Underwriting Agreement"). For a more detailed discussion of the underwriting commitment of the Issue Manager, Bookrunner and Underwriter, see section entitled "Plan of Distribution" in this Prospectus.

No dealer, salesman or any other person has been authorized to give any information or to make any representation not contained in this Prospectus. If given or made, any such information or representation must not be relied upon as having been authorized by the Company or the Issue Manager, Bookrunner and Underwriter.

The distribution of this Prospectus and the offer and sale of the Offer Shares may, in certain jurisdictions, be restricted by law. The Company and the Issue Manager, Bookrunner and Underwriter require persons into whose possession this Prospectus comes, to inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. This Prospectus does not constitute an offer of any securities, or any offer to sell, or a solicitation of any offer to buy any securities of the Company in any jurisdiction, to or from any person whom it is unlawful to make such offer in such jurisdiction.

The Offer Shares may be owned by any person or entity subject to the applicable restriction by law. As of the date of this Prospectus, the aggregate foreign ownership in the Company cannot exceed the maximum of 40% of its total issued and outstanding capital stock. Accordingly, the Company will not allow the issuance of shares or record the transfer of the shares to persons other than Philippine nationals if such issuance or transfer shall exceed the abovementioned foreign ownership limit.

The Offer Shares are offered subject to the Company's right (exercised by itself or through the Underwriter) to reject any application to purchase the Offer Shares in whole or in part and to allot to any prospective purchaser less than the full amount of the Offer Shares sought by the purchaser pursuant to the Underwriting Agreement. It is expected that the Offer Shares will be delivered in book-entry form against payment thereof to the PDTC. If an offer of the Offer Shares is withdrawn or discontinued, the Company shall subsequently notify the SEC and, as applicable, the PSE. The Underwriter and certain related entities may acquire for their own account a portion of the Offer Shares.

Before making an investment decision, prospective investors should carefully consider the risks associated with an investment in the Offer Shares. These risks include:

- Risks relating to the Company's business;
- Risks relating to the Philippines;
- Risks relating to the Offer Shares; and
- Risks relating to presentation of information in this Prospectus.

The section entitled "Risk Factors" in this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with a purchase of the Offer Shares.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

NOW CORPORATION

By:

MEL V. VELARDE
President and CEO

REPUBLIC OF THE PHILIPPINES)
CITY OF ______________________) S.S.

SUBSCRIBED AND SWORN TO BEFORE ME this ____ day of ________________ 2018, affiants personally appeared and exhibited to me their competent evidence of identity:

Name	Competent Evidence of Identity	Date of Issue	Issuing Agency
MEL V. VELARDE	Passport No. EC0179707	31 Jan 2014	DFA

Doc. No. ________;
Page No. ________;
Book No. ________;
Series of 2018.

Unless otherwise stated, all information contained in this Prospectus relating to the Company and its subsidiaries identified in the section "Business – Group's Corporate and Shareholding Structure" (collectively, the "Group") and their operations have been supplied by the Company. To the best of its knowledge and belief, the Company (which has taken all reasonable care to ensure that such is the case) confirms that, as of the date of this Prospectus, the information contained in this Prospectus relating to the Group and its operations (and that of its subsidiaries) is true and that there is no material misstatement or omission of fact which would make any statement in this Prospectus misleading in any material respect and that the Company hereby accepts full responsibility for the accuracy of the information contained in this Prospectus with respect to the same. Unless otherwise indicated, all information in this Prospectus is as of the date of this Prospectus. Neither the delivery of this Prospectus nor any sale of the Offer Shares offered hereby shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof. The Company and the Issue Manager, Bookrunner and Underwriter have conducted the due diligence required of them in ascertaining that all material representations contained in this Prospectus, its amendments and supplements contained in the aforementioned documents are true and correct, and that no material information was omitted, which was necessary in order to make the statements contained in the said documents not misleading.

No representation or warranty, express or implied, is made by the Company and the Issue Manager, Bookrunner and Underwriter regarding the legality of an investment in the Offer Shares under any legal, investment or similar laws or regulations. The contents of this Prospectus are not investment, legal or tax advice. Prospective investors should consult their own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Offer Shares. In making any investment decision regarding the Offer Shares, prospective investors must rely on their own examination of the Company and the terms of the Offer, including the merits and risks involved. Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Offer Shares is prohibited.

THE OFFER SHARES ARE BEING OFFERED ON THE BASIS OF THIS PROSPECTUS ONLY. ANY DECISION TO PURCHASE THE OFFER SHARES MUST BE BASED ONLY ON THE INFORMATION CONTAINED HEREIN.

No person has been authorized to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Company and the Issue Manager, Bookrunner and Underwriter. This Prospectus does not constitute an offer to sell or the solicitation of an offer to purchase any securities other than the Offer Shares or an offer to sell or the solicitation of an offer to purchase such securities by any person in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this Prospectus nor any sale of the Offer Shares offered hereby shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof.

The Company, on the basis of certain assumptions it made, calculated the operating information used throughout this Prospectus. As a result, this operating information might not be comparable to similar operating information reported by other companies.

Each investor to the Offer Shares, by accepting delivery of this Prospectus, agrees to the foregoing.

CONVENTIONS WHICH APPLY TO THIS PROSPECTUS

In this Prospectus, unless otherwise specified or the context otherwise requires, all references to the "Company" are to NOW Corporation, and where the context otherwise requires, all of its subsidiaries. All references to the "Group", "they", "them" and "their" are to the Company and its subsidiaries. All references to the "Philippines" are references to the Republic of the Philippines. All references to the "Government" or the "National Government" are to the national government of the Philippines. All references to the "BSP" are references to Bangko Sentral ng Pilipinas or the central bank of the Philippines. All references to "United States" or "US" are to the United States of America. All references to "Philippine peso," "Pesos" and "₱" are to the lawful currency of the Philippines. All references to "US dollars" and "US$" are to the lawful currency of the United States. The Company publishes its consolidated financial statements in Pesos.

The items expressed in the Glossary of Terms may be defined otherwise by appropriate Government agencies or regulations from time to time, or by conventional or industry usage.

BASIS FOR CERTAIN MARKET DATA

Certain statistical information and forecasts in this Prospectus relating to the Philippines and other data used in this Prospectus were obtained or derived from internal surveys, market research, Governmental data, publicly available information and/or industry publications. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information are not guaranteed. This Prospectus also contains industry information which was prepared from available public sources to provide an overview of the Information Technology industry in which the Company's businesses operate. However, there is no assurance that such information is accurate or complete. Similarly, internal surveys, industry forecasts, market research, Governmental data, publicly available information and/or industry publications have not been independently verified by the Company and the Issue Manager, Bookrunner and Underwriter and might not be accurate, complete, up-to-date, balanced or consistent with other information compiled within or outside the Philippines. Neither the Company nor the Issue Manager, Bookrunner and Underwriter makes any representation as to the accuracy and completeness of such information.

PRESENTATION OF FINANCIAL INFORMATION

The Company's consolidated financial statements are reported in Philippine Peso and are prepared based on its accounting policies, which are in accordance with the Philippine Financial Reporting Standards ("PFRS") issued by the Financial Reporting Standard Council of the Philippines. PFRS includes statements named PFRS, Philippine Accounting Standards, and Philippines Interpretations from International Financial Reporting Interpretations Committee.

Figures in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same item of information may vary, and figures which are totals may not be an arithmetic aggregate of their components.

In this Prospectus, references to "2015" refer to the year ended December 31, 2015, references to "2016" refer to the period ended December 31, 2016 and references to "2017" refer to the year ended December 31, 2017.

The Company's fiscal year begins on January 1 and ends on December 31 of each year. SGV, a member firm of Ernst and Young Global Limited, the Company's independent auditor, has audited and rendered unqualified audit reports on the Company's audited consolidated financial statements as at December 31, 2017, 2016, and 2015, which are included in this Prospectus.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- known and unknown risks;
- uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results; and
- performance or achievements expressed or implied by forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Important factors that could cause some or all of the assumptions not to occur or cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other things:

- the Company's ability to successfully implement its strategies;
- the Company's ability to anticipate and respond to market trends;
- the Company's ability to successfully manage its growth;

- the Company’s ability to successfully increase its market share and maintain profitability;
- the Company’s ability to maintain its contractual relationship with clients;
- the Company’s ability to adapt and respond to rapid technological changes;
- any future political instability in the Philippines;
- the Company’s ability to secure additional financing; and
- the changes in laws, rules and regulations, including tax laws and licensing requirements, in the Philippines and other jurisdictions where the Company operates.

Additional factors that could cause the Company’s actual results, performance or achievements to differ materially from forward-looking statements include, but are not limited to, those disclosed under “Risk Factors” and elsewhere in this Prospectus. These forward-looking statements speak only as of the date of this Prospectus. The Company and the Issue Manager, Bookrunner and Underwriter expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based.

This Prospectus includes statements regarding the Company’s expectations and projections for future operating performance and business prospects. The words “aim”, “anticipate”, “believe”, “consider”, “continue”, “estimate”, “expect”, “going forward”, “intend”, “ought to”, “plan”, “potential”, “predict”, “project”, “propose”, “seek”, “may”, “might”, “can”, “could”, “will”, “would”, “shall”, “should”, “is/are likely to”, the negative form of these words and other similar words identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Prospectus are forward-looking statements. Statements in this Prospectus as to the opinions, beliefs and intentions of the Company accurately reflect, in all material respects, the opinions, beliefs and intentions of its management as to such matters as of the date of this Prospectus, although the Company gives no assurance that such opinions or beliefs will prove to be correct or that such intentions will not change. This Prospectus discloses, under the section “Risk Factors” and elsewhere, important factors that could cause actual results to differ materially from the Company’s expectations. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on behalf of the Company are expressly qualified in their entirety by the above cautionary statements.

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GLOSSARY OF TERMS

In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

AMTI	Accent Micro Technologies, Inc.
Applicant	A person, whether natural or juridical, who seeks to subscribe to the Offer Shares.
Application	An application to subscribe to the Offer Shares pursuant to the Offer.
ASEAN	Association of Southeast Asian Nations, or an organization of countries in Southeast Asia to promote cultural, economic and political development in the region.
Banking Day	A day (except Saturdays, Sundays and holidays) on which banks in the Philippines are open for business in Metro Manila or are not required to be closed.
BIR	Bureau of Internal Revenue.
Board	The board of directors of the Company.
BOC	Bureau of Customs.
BPO……………………………………	Business process outsourcing.
Broadband and Wireless Cable TV Service	Broadband is used to transmit high-speed internet access faster than traditional dial-up access.
BSP	Bangko Sentral ng Pilipinas or the central bank of the Philippines.
CAGR	Computed annual growth rate.
CBNL	Cambridge Broadband Networks Limited.
CCCS…………………………………..	Central Clearing and Central Settlement.
CIR………….	Committed information rate is the bandwidth guaranteed by an internet service provider to work under normal conditions.
Cloud Hosting Services	Cloud hosting is based on technologies that allow storing and accessing of data as well as unlimited number of machines to act as one system.
Common Shares	Common shares of the Company with a par value of one peso (₱1.00) per share.
Company	NOW Corporation, a corporation duly organized by virtue of and under the laws of the Philippines.

Consolidated Subsidiaries……………..	Refers to J-Span IT Services, Inc., Porteon SEA, Inc., i-Resource Consulting International, Inc., i-Professional Search Network, Inc., and Softrigger Interactive Inc.
Conversion Dates..................................	Period between the third and fourth anniversary from the Listing Date.
Conversion Price...................................	₱20.00 per share.
Conversion Ratio	Five (5) common shares for every One (1) Preferred "A" Share
Core Network Facility	This is the primary facility that provides paths for the exchange of data.
Core Packet Network.............................	This refers to the routing and transferring of data so that broadband connectivity will be as efficient as possible to the end-user.
Corporation Code	Batas Pambansa Bilang 68, otherwise known as the Corporation Code of the Philippines.
Data Analytics	Refers to qualitative and quantitative techniques and processes used to enhance productivity and business gain.
DICT…………………………………..	Department of Information and Communications Technology.
Director...	Director of the Company.
Dividend Payment Date.........................	The date on which the Dividends of the Offer Shares are paid, which date shall be any day within the period commencing on (and including) the last day of a Dividend Period and 15 calendar days from the end of the relevant Dividend Period.
Dividend Period.....................................	The period commencing on the Issue Date and having a duration of three (3) months, and thereafter, each of the successive periods of three (3) months commencing on the last day of the immediately preceding Dividend Period up to but excluding the first day of the immediately succeeding Dividend Period; provided that, the first Dividend Period of the Preferred "A" Shares shall be the period commencing on the Issue Date and ending on the last day of the then current dividend period for the Preferred "A" Shares.
Dividend Rate Setting Date	Two (2) business days before the receipt of the Permit to Sell from the SEC.
DOLE………………………………….	Department of Labor and Employment.
EII...	Emerald Investments, Inc.
Exercise Period......................................	The period during which the Warrants are exercisable, or within the period from the end of the second year until the end of the third year from the Listing Date of the Offer Shares, exercisable every quarter-end.
Fiber-in-the-Air	Broadband services delivered via radio antenna.

Firm Shares …………………………..	[5,000,000] redeemable, convertible, cumulative, non-participating and non-voting Peso-denominated preferred “A” shares, which, if not taken up by the PSE Trading Participants, qualified buyers and the general public, shall be purchased by the Underwriter under a firm commitment pursuant to an underwriting agreement.
FTE……………………………………	Means full-time employees.
Gbps..	Means gigabits per second, or the speed of packet data being transferred across a network or communication line. It is a unit to measure speed of internet.
GDP	Gross domestic product.
GHT..	GHT Network Inc.
Government	The government of the Republic of the Philippines.
Group	The Company and its Consolidated Subsidiaries.
GSIS	Government Service Insurance System.
HDMF	Home Development Mutual Fund.
Holy Cow Animation............................	Holy Cow Animation, Inc.
IBM	International Business Machines Corporation.
IBPAP…………………………………	IT and Business Process Association of the Philippines.
ICC…………………………………….	Refers to the Importer Clearance Certificate issued by the BIR.
ICT..	Information and Communication Technology.
ICTV ………………………………….	Information Capital Technology Ventures, Inc.
i-Resource	i-Resource Consulting International.
i-Professional	i-Professional Search Network, Inc.
IT - BPM...	Information Technology and Business Process Management.
IT	Information Technology.
IT Manpower and Resource Augmentation	Recruitment and deployment of IT knowledge professionals.
J-Span	J-Span IT Services. Inc.
Jumbo Certificate..................................	A certificate covering all the securities lodged with the PDTC and issued in the name of the PCD Nominee.
KPSC………………………………….	Knowledge Professionals Service Cooperative.
Labor Code	Presidential Decree No. 442, as amended, or the Labor Code of the Philippines.

Listing Date	The date on which trading of the Offer Shares on the PSE begins, expected to be on or about [July 30, 2018].
Listing Rules...	The Revised Listing Rules of the PSE, as amended.
LTP...	Last Traded Price.
Manual...	The manual on corporate governance of the Company prepared to ensure the Company's compliance with the leading practices on good corporate governance and related SEC rules and regulations.
Mbps...	Means megabits per second, or the speed of packet data being transferred across a network or communication line. It is a unit to measure speed of internet.
Metro Manila	The metropolitan area comprising of the city of Manila, the cities of Caloocan, Las Piñas, Navotas, Makati, Malabon, Mandaluyong, Marikina, Muntinlupa, Parañaque, Pasay, Pasig, Quezon City, San Juan, Taguig and Valenzuela, and the municipality of Pateros.
Minimum Public Ownership..................	10% of the listed companies' issued and outstanding shares.
Newsnet……………………………….	News and Entertainment Network, Inc.
NHIP...	National Health Insurance Program.
NOC..	24/7 Network Operations Center.
Now Telecom…………………………	NOW Telecom Inc.
NPC	National Privacy Commission.
NTC……………………………………	National Telecommunications Commission.
Offer	The offer and sale of the Offer Shares on, and subject to, the terms and conditions stated herein.
Offer Period...	The period from [July 16, 2018] to [July 20, 2018].
Offer Price	[₱100.00] per Offer Share.
Offer Shares...	[5,000,000] with an oversubscription option of up to [5,000,000] redeemable, convertible, cumulative, non-participating and non-voting Peso-denominated preferred "A" shares.
OSHS..	Occupational Safety and Health Standards.
Pag-IBIG Fund Law	The Home Development Fund Law or Republic Act No. 9679.
PCC	Philippine Competition Commission.
PCD	Philippine Central Depository.
PCD Nominee..	PCD Nominee Corporation, a corporation wholly owned by the PDTC.
PDTC..	Philippine Depository and Trust Corporation, the central securities depositary of, among others, securities listed and traded on the PSE.

Permit to Sell	The permit [to be] issued by the SEC granting authority to sell the Offer Shares and issued with the order declaring the effectiveness of the registration statement filed in relation to the Offer Shares.
PFRS...	Philippine Financial Reporting Standards.
PHIC...	Philippine Health Insurance Corporation.
Philippines	Republic of the Philippines.
Philippine National	The term shall mean any of the following: (1) a citizen of the Philippines; (2) a domestic partnership or association wholly owned by citizens of the Philippines; (3) a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines; (4) a corporation organized abroad and registered as doing business in the Philippines under the Corporation Code of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos; or (5) a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of the Philippine nationals.
Philippine Peso or ₱..............................	The lawful currency of the Philippines.
Point-to-Multipoint Radios....................	These are configured radios designed to transmit data from one point to many other points.
Point-to-Point Radios	These are configured radios used to transmit data through a line of sight.
Preferred "A" Shares………………………	The redeemable, convertible, cumulative, non-participating and non-voting Preferred "A" shares of the Company with a par value of one peso (₱1.00) per share.
PSA...	Philippine Standards on Auditing.
PSE	The Philippine Stock Exchange, Inc.
PSE EDGE……………………………	Refers to the PSE Electronic Disclosure Generation Technology.
PSE Trading Participants.......................	Duly licensed securities brokers who are trading participants of the PSE.
QoSE	Quality of Service Experience.
R.A. 7925..	The Public Telecommunications Policy Act of the Philippines or Republic Act No. 7925.
R.A. 8792..	Electronic Commerce Act or Republic Act No. 8792.
R.A. 10173..	The Data Privacy Act of 2012 or Republic Act No. 10173.
R.A. 10667..	The Philippine Competition Act or Republic Act No. 10667.
R.A. 10844..	The Department of Information and Communications Technology Act of 2015 or Republic Act No. 10844.

Receiving Agent………………………	Professional Stock Transfer, Inc.
Redemption Period	Five (5) years from the Issue Date, or on any Dividend Payment Date thereafter.
Redemption Price	Price equal to the Offer Price of the Preferred "A" Shares plus all dividends due then on the actual date of redemption as well as all accumulated dividends due and payable, or dividends in which the declaration and/or payment have been deferred, in respect of prior Dividend Periods.
REMEC	REMEC Broadband Wireless Networks, LLC.
SEC...	Securities and Exchange Commission.
SGV	Sycip Gorres Velayo & Co.
SCCP…………………………………..	Securities Clearing Corporation of the Philippines.
Social Security Law..............................	Republic Act No. 8282.
Softrigger Interactive	Softrigger Interactive, Inc.
SRC	Securities Regulation Code of the Philippines (Republic Act No. 8799) and its implementing rules, as amended.
SSS	Social Security System.
Selling Agent………………………….	PSE Trading Participants.
Stock Transfer Agent………………….	Refers to Professional Stock Transfer, Inc.
Software Licenses and Services............	Legal instrument governing the use or redistribution of software that includes technical services to maintain the said software.
Softweb Consulting	Softweb Consulting, Inc.
Tax Code………………………………	Refers to the National Internal Revenue Code of 1998, as amended.
TCCP	The Tariff and Customs Code of the Philippines or Republic Act No. 1937.
TRAIN Law……………………………	Refers to Republic Act No. 10963, otherwise known as the "Tax Reform for Acceleration and Inclusion" Act.
Underwriter…………………………...	Unicapital, Inc.
Underwriting Agreement	The agreement entered into by and among the Company and the Underwriter, indicating the terms and conditions of the Offer and providing that the Firm Shares shall be firmly underwritten by the Underwriter.
VAS	Valued-Added Service.
VPN…………………………………	Virtual private network.

Warrants	Refer to the total of [20,000,000] detachable subscription warrants that are issued in the ratio of [2] detachable subscription warrants for every [1] Offer Share.
Warrant Shares	Refer to the [20,000,000] common shares underlying the Warrants.
WDN	Wireless Data Network.

SUMMARY

The following summary highlights the information contained elsewhere in this Prospectus. This summary is qualified in its entirety by, and is subject to, the more detailed information and consolidated financial statements, including the notes thereto, appearing elsewhere in this Prospectus. Capitalized terms not defined in this summary are defined in the "Glossary of Terms", "Risk Factors", "Business", or elsewhere in this Prospectus. Investors are advised to read this entire Prospectus carefully, including the consolidated financial statements and related notes contained therein. In case of any inconsistency between this summary and the more detailed information in this Prospectus, then the more detailed portions, as the case may be, shall at all times prevail.

OVERVIEW

NOW Corporation is an IT company primarily engaged in the business of providing telecommunications, media and information technology products and services under its three key operating business segments, namely: (i) Software Licenses and Services; (ii) IT Manpower and Resource Augmentation; and (iii) Broadband and Wireless Cable TV Services. The Company's diverse products and services portfolio include software application development and maintenance, collaboration software solutions, web integration, web and mobile applications development, technical and maintenance services, IT manpower and resource augmentation, project implementation and management, managed services outsourcing, and fixed wireless broadband services, among others. The Company also offers value-added services through partnerships with companies licensed to provide wired and wireless, fixed and mobile communications and cable TV services.

Originally incorporated on June 5, 1996 as MF Schroder & Co. Inc., the Company was initially engaged in the purchase and sale of securities. In 1998, the Company was renamed to MFS Markets, Inc. and thereafter to Cashrounds Inc. in 2002. The primary purpose of the Company then was to engage in the business of securities brokerage relating to the sale, transfer or exchange of every description of shares of stock and bonds, and to execute such transactions with the use of information technology. After a series of restructuring, which included venturing into diversified businesses by transitioning to telecommunications, media and information technology sector, the Company later on changed its corporate name to ICTV, as approved by the SEC on September 19, 2006. Afterwards, the Company added professional and manpower services in its portfolio through a subsequent amendment of its secondary purpose which the SEC approved on August 25, 2011. On August 16, 2013, the SEC approved the Company's change of name to its current corporate name, NOW Corporation. The Company has since grown into a telecommunications, media and information technology company, with an extensive portfolio of products and services.

Over the past years, the Company has collaborated with top corporations in setting-up their business productivity solutions. The Company has a growing roster of combined clients for its Software Licenses and Services and IT Manpower and Resource Augmentation business segments which include financial and banking institutions, namely Maybank ATR Kim Eng Capital Partners, Inc., China Banking Corporation, Metropolitan Bank and Trust Company, and BDO Unibank, Inc.; major power generation company Manila Electric Company; major retail company, Golden Arches Development Corporation; pharmaceutical company Unilab Laboratories, Inc.; health and insurance provider Sunlife Canada (Philippines) Incorporated; real estate and property developer giants, namely Ayala Land, Inc., SM Development Corporation, and Phinma Properties Holdings Corporation; media, broadcasting and advertising companies, namely Skycable Corporation, Publicis Groupe, Philippine Daily Inquirer, Inc., and the Philippine Star; and government agencies and international organizations, namely the Department of Tourism, Department of Trade and Industries, Office of the President, Philippine Supreme Court, Bangko Sentral ng Pilipinas, United Nations Educational, Scientific and Cultural Organization and United Nations Children's Fund.

From 2014 to 2015, the Company was hailed as the "Number One Software Collaboration Business Partner in the Philippines" by IBM, a Fortune 500 multinational IT and consulting company, and one of the world's top providers of computer products and services. IBM has been the Company's partner in delivering its collaboration software solutions since 2010.

As a testament to the Company's proven track record in delivering Software Licenses and Services as well as IT solutions, BDO Unibank, Inc., the country's largest bank, tapped the services of the Company to install and maintain 24,000 IBM Domino electronic mail platform. Through the Company's service delivery team, the email platform was made available on-premise, web, mobile and tablets.

In addition, the Company received a Notice to Proceed from the Supreme Court of the Philippines for the Installation of Judiciary Email System (the "Project"), after the contract for the Project was signed and approved by the parties. The Project, with a contract price of ₱57.52 million, covers the installation of a private cloud-based, on-premise email and collaboration system that will set up an initial 7,000 email accounts for the judiciary. The Project is being undertaken by the Company together with its joint venture partner, AMTI, utilizing the IBM collaboration solution portfolio.

Recently, the Company expanded its service offerings with the introduction of its "Fiber-in-the-Air" fixed wireless broadband service with a CIR of up to 700 Mbps, a first of its kind in the Philippines. Through its partnership with NOW Telecom and Newsnet, a wireless telecommunications operator and a cable TV service provider, respectively, the Company offers an affordable, alternative and high-speed broadband service of up to 700 Mbps and wireless cable TV services to the underserved and unserved large enterprises such as schools, hospitals, hotels, high-end residential buildings, and commercial buildings with multiple BPO locators. Currently, the Company's client broadband subscription ranges from 5 Mbps to 100 Mbps, which may be further increased to up to 700 Mbps, depending on the clients' bandwidth requirements. The Company positions its fixed wireless broadband service either as primary, alternative or as an auxilary link to existing broadband service providers.

The Company's Fiber-in-the-Air fixed wireless broadband service allows its subscribers to download, upload, stream and share files simultaneously without compromising performance. The Company deploys competitively priced high-speed broadband bandwidth resources with high availability through its Point-to-Point and Point-to-Multipoint Radios. From providing Software Licenses and Services to adding IT Manpower and Resource Augmentation and Broadband Wireless Cable TV Services, the Company intends to deliver high-speed broadband services with a CIR of up to 700 Mbps which may be bundled with enterprise collaborations solution, wireless cable television and interactive multi-media applications.

For the years ended December 31, 2017, 2016 and 2015, the Company's revenues amounted to ₱148.97 million, ₱105.44 million and ₱115.39 million, respectively.

For a more detailed discussion on the Company's financial condition and results of operation, please see section Management's Discussion and Analysis of Financial Condition and Results of Operations in this Prospectus.

PRODUCTS AND SERVICES

As of the date of this Prospectus, the Company has three main business segments, namely: (i) Software Licenses and Services, (ii) IT Manpower and Resource Augmentation, and (iii) Broadband and Wireless Cable TV Services.

A. Software Licenses and Services

- IBM Collaboration Solutions

In partnership with IBM, the Company provides IBM collaborations solutions such as provision of software and IT-enabled services aimed at developing business solutions and applications to ease business operations and boost productivity of business enterprises. The Company has been categorized as a premier business partner of IBM as an affirmation of its superior skills and market success. The Company resells essential IBM tools and products that are designed to enable new capabilities that improve business processes and help engage clients and employees in new ways. These IBM tools and products include software for instant messaging that facilitates integrated team collaboration accessible by the client's employees across all applications and devices; file sharing and enterprise electronic mails which the client can integrate in its business application allowing enterprises to have easy use real-time connections and communication within their office space; and IBM Ustream video platform which can be utilized by enterprises to distribute content via video.

Aside from these, the Company also resells at a competitive price IBM smartcloud services which include tools for social business in the cloud. The Company also offers a wide array of IT software services including: (i) software application development, maintenance and support; (ii) data analytics; (iii) e-forms; and (iv) portal, all aimed to enhance the client's overall experience. These services simplify business operations through integrating digital technologies and functionality into a system.

The Company's services also include technical services namely: migration, network administrator services, technical support and other services related to the maintenance of IBM products.

- Cloud Hosting Services

Cloud hosting services cover the virtualization of the IT infrastructure to mitigate the rapid pace of technology obsolescence. These services are available to individual, small medium enterprises and corporate users in two primary space categories: (i) dedicated; and (ii) shared.

In a dedicated space arrangement, clients are allocated dedicated hardware for their exclusive use. Shared set-up are for clients with processing requirements that are not fixed, and which are clustered into a shared hosting server with pre-defined performance commitments.

- Virtual Private Networks

VPN is an end-to-end protection and encryption services on network connectivity that ensures secured data transport. The Company's VPN service provides anonymity on the client's connection to the internet by using thousands of IP addresses and various server connections worldwide. VPN services passes internet filters allowing secure internet access. It also routes all data transport traffic with new IP address through affiliated secured servers located in various locations. This provides tracking difficulty and ensures a slim probability that data transmission will be compromised.

- Cloud-based Multimedia Conferencing Services

Cloud-based multimedia conferencing services consist of cloud-based server and applications capable of hosting multimedia conferencing application that will visually connect people in different physical locations in the virtual space. This service is ideal for conducting classes, presentations, events, meetings, and lectures for participants from multiple locations. This service provides a cost effective participation of more individuals from multiple locations.

- Web Hosting, Cloud-based Mail and Messaging Services

Web hosting services vary from personal to corporate with e-commerce application development, content management, database and search engine optimization support. Cloud-based mail services carry a variety of mail services ranging from electronic mail, facsimile mail, voice mail and video mail. Cloud-based mail services also include storage, calendar, contact and task management, and virus protection. These are available to individual, small medium enterprises and corporate clients.

- Digital Media Production

The Company also offers services such as website development, mobile application development, and animation that can be used by business enterprises to create, manage and sustain their marketing and communications through digital channels that are simple, functional and effective across multiple market segments. These services allow business enterprises to increase their engagement with potential customers and to create an online presence in order to capture a wider base market. One of the Company's notable projects is the "It's More Fun in the Philippines" website and mobile application that supported the campaign of the Department of Tourism.

The Company offers its web development through WebsiteExpress.Biz. The Company has established the brand WebsiteExpress.Biz as its vehicle in delivering quality and globally compliant websites catering to micro and medium-sized enterprises. WebsiteExpress.Biz is a one-stop website development service operator that provides development, domain, hosting, secure sockets layer certificates, shopping cart, electronic mail, among others, without engaging multiple service providers. It operates at a subscription model, providing micro and medium-sized enterprises and individual subscribers quality, affordable and efficient websites in a span of five (5) days. One of the key features of WebsiteExpress.Biz is its responsive web design which allows a website to be responsive in all mobile devices without developing a dedicated mobile application for each kind of device.

Under its mobile application development, the Company offers customized mobile applications such as cinematic three-dimensional, game-based learning, rich media, html5 animation and gestures to allow businesses to enhance customer experience and increase brand loyalty. Through its competencies in digital media production, the Company can cater to the requirements and specifications of each client in order to deliver quality mobile applications for their businesses.

For the years ended December 31, 2017, 2016 and 2015, the Company's revenue derived from Software Licenses and Services amounted to ₱82.19 million, ₱56.04 million and ₱75.97 million, respectively.

B. IT Manpower and Resource Augmentation

The Company, through its subsidiaries i-Resource and i-Professional, is engaged in the business of providing consulting, technical advice and professional advisory services to persons, firms, association, corporations, partnerships and other entities.

i-Resource is an information technology resource management company that provides IT knowledge professionals to its clients. i-Resource principally deploys IT knowledge professionals to assist its clients in managing the IT operations of their businesses ranging from short to long-term and mission-critical projects, including data center management, network infrastructure maintenance and software management. This is done through i-Resource's dedicated sourcing group and business development managers.

The services of i-Resource can be further categorized into three sub-business segments, namely:

- IT Staff Augmentation

Under this sub-segment, i-Resource provides IT knowledge professionals for the IT-related needs of its clients. Skilled personnel are deployed to provide additional IT knowledge professionals to the client's current roster or to provide additional support to the client's existing project team, for a limited period. Specifically, i-Resource offers the following services:

a) *Resource Management Outsourcing* – Resource management outsourcing pertains to the provision of IT knowledge professionals by i-Resource to a client for a specific duration ranging from three (3) months to one (1) year, some of which are renewable thereafter. The IT knowledge professionals deployed remain to be employees of i-Resource during the period of engagement.

b) *Assignment of Staff* – Assignment of staff pertains to the deployment of resource personnel by i-Resource for a client in order to augment client manpower requirements.

c) *Project Team Outsourcing* – Project team outsourcing ensures enterprises of available project teams that will be assigned to their project without the need to hire them directly. The assigned personnel may include project managers, developers, business analytics and quality assurance testers.

- Managed Services

Aside from providing IT knowledge professionals, the Company, through i-Resource also services its clients by allowing them to outsource certain business process to i-Resource. This managed services also include trainings of IT candidates and team development for its clients. In addition, this sub-segment covers:

a) *Managed Service Outsourcing* - Clients may outsource a portion of their business processes such as testing & quality assurance services, applications development, applications maintenance, disaster recovery, desktop services, technology help desk services, call center help desk services and network services (broadband internet) to i-Resource, in order for them to focus on their core business activities. i-Resource services regular or critical projects based on targeted outcomes and service level agreements.

b) *Train and Deploy* - i-Resource develops the skills of fresh graduates based on client requirements through boot camps. This is carried out in collaboration with iCollege, which is a center for continuing education established by the Company in partnership with the Asian Institute for Journalism and Communication, a knowledge management center organized in 1980 as a graduate school for journalism.

c) *Offsite Team Development* – i-Resource develops a dedicated team of IT knowledge professionals specifically for the client requirement, which are housed outside the client's office.

- Search and Select

i-Professional serves as the recruitment arm of its clients by providing the following add-on services:

a) *Contract to Hire* – This allows enterprises to try and test IT knowledge professionals before actually hiring by outsourcing them for a probationary period of six (6) months. The IT knowledge professionals become employees of the client at the end of the probationary period should they qualify with the standards of the client. The Company charges a one-time absorption fee.

b) *Recruitment Process Outsourcing* – This provides an end to end recruitment process for companies with huge IT knowledge professional requirements. It also allows enterprises to outsource the recruitment process of IT knowledge professionals for regular placements.

For the years ended December 31, 2017, 2016 and 2015, the Company's revenues derived from IT Manpower and Resource Augmentation amounted to ₱42.27 million, ₱43.41 million and ₱39.43 million, respectively.

C. Broadband and Wireless Cable TV Services

A recent addition to the Company's service portfolio is the Broadband and Wireless Cable TV Services. The Company offers high-speed broadband service of up to 700 Mbps CIR to the underserved and unserved large enterprises such as schools, hospitals, high-end residential buildings, and commercial buildings with multiple BPO locators. The Company was the first to market the Fiber-in-the-Air fixed wireless broadband service of up to 700 Mbps in the Philippines, which allows the Company's subscribers to download, upload, stream and share files simultaneously without compromising performance.

The Company deploys high-speed broadband bandwidth resources with high availability through its Point-to-Point and Point-to-Multipoint Radios. The Point-to-Point and Point-to-Multipoint connectivity work through network radio antennas that are installed atop strategically selected high rise buildings and establishments around metropolis. The building's rooftop where the radio antennas are installed must have a line of sight basis from the Company's nearest hub. This allows the user to send data over much greater distances while maintaining speed and has the advantage of connecting users even in remote areas without the need for cables. To further enhance its clients' experience, the Company maintains a team of engineers and technical support available on a 24/7 basis to keep its subscribers connected.

For the years ended December 31, 2017 and 2016, the Company's revenue from sale of broadband services amounted to ₱24.51 million and ₱5.98 million, respectively. Further, the Company did not derive substantial revenue from the sale of broadband services for the year ended December 31, 2015.

PROSPECTS

In response to the declared intention of the Philippine Government to bid out a franchise for a third telco company (the "third telco"), NOW Telecom, a duly enfranchised telecom company and an affiliate of the Company, is currently considering the possibility of entering into a partnership with the Company and other strategic domestic and foreign partners in order to participate in the aforementioned bid for the third telco slot.

The Company intends to undergo an equity restructuring by applying the additional paid in capital created by the Offer, subject to the approval of the SEC, to wipe out the capital deficit which may be currently impairing the ability of the Company to declare and pay dividends. Once the Company obtains the necessary approvals and implements the equity restructuring plan, the Company can resume paying dividends from future cash flows as they no longer have to use the same to eliminate retained earnings debit balances. This will also allow management the flexibility to invest the surplus cash back to grow the business.

COMPETITIVE STRENGTHS

The Company considers the following as its competitive strengths:

- The Company is a trusted partner of top companies in the Philippines and has strong client retention;
- The Company is the first to market "Fiber-in-the-Air" fixed wireless broadband service of up to 700 Mbps CIR connectivity;
- The Company has the ability to provide high-speed broadband connectivity speed of up to 700 Mbps CIR, through its strategic partnership with telecommunication and cable TV service companies;
- The Company, through its subsidiary, provides an extensive base of IT knowledge professionals and has been the IT knowledge professional provider of choice of top companies in the Philippines;
- The Company has a diversified business model; and
- The Company has experienced management team and technical expertise in the telecommunications, media and information technology sectors.

BUSINESS STRATEGIES

To further build on its competitive strengths and allow further expansion of its business, the Company intends to undertake the following business strategies:

- Continue to leverage on its partnership with global technology, media and information technology companies;
- Expand its capacity to develop diversified earning streams by bundling its services with delivering high-speed broadband services by targeting the enterprise market;
- Further increase its capacity to provide high-speed broadband internet connection through building and installation of underground fiber optic cables;
- Aggressively position its broadband services to large and medium enterprises, as well as commercial and residential buildings;
- Introduce game changing products and services in the technology, media and information technology sector that cater to the needs of the market such as cloud-based services, namely: multi-protocol label switching and voice over internet protocol that are intended to boost the competitive edge of the Company in the technology, media and information technology industry; and
- Undertake strategic investments.

RISKS OF INVESTING

Before making an investment decision, investors should carefully consider the risks associated with an investment in the Offer Shares. These risks include:

- Risks relating to the Company's business;
- Risks relating to the Philippines, government regulations and economic factors;
- Risks relating to the Offer Shares; and
- Risks relating to the presentation of information in this Prospectus.

CORPORATE INFORMATION

The Company is a Philippine corporation listed on the Main Board of the PSE, with registered office located at Unit 5-I, 5th Floor, OPL Building 100 C. Palanca St. Legaspi Village, Makati City, Philippines. The Company's telephone number is +632 750-0211 and its fax number is +632 750-0461. The Company's corporate website is **www.now-corp.com**. The information on the Company's website is not incorporated by reference into, and does not constitute part of this Prospectus.

Miguel Antonio S. Regal is the Company's Compliance Officer tasked with the duty to ensure compliance with, and file on a timely basis, all required disclosures and continuing requirements of the SEC and the PSE.

INFORMATION RELATING TO THE COMMON AND PREFERRED "A" SHARES

Authorized Capital Stock	₱2,120,000,000.00
Par Value of the Common and Preferred "A" Shares	₱1.00
Common Shares outstanding before the Offer	1,517,278,350
Preferred "A" Shares outstanding before the Offer	0
Common Shares outstanding after the Offer	1,517,278,350
Preferred "A" Shares outstanding after the Offer (excluding the oversubscription option)	5,000,000
Preferred "A" Shares outstanding after the Offer (including the oversubscription option)	10,000,000
Firm Shares	5,000,000
Oversubscription Option	5,000,000
Total unissued shares after the Offer (excluding the oversubscription option)	597,721,650
Total unissued shares after the Offer (including the oversubscription option)	592,721,650
Warrants (excluding the oversubscription option)	10,000,000
Warrants (including the oversubscription option)	20,000,000
Underlying common shares to the Preferred "A" Shares (excluding the oversubscription option)	25,000,000
Underlying common shares to the Preferred "A" Shares (including the oversubscription option)	50,000,000
Underlying common shares to the Warrants (excluding the oversubscription option)	10,000,000
Underlying common shares to the Warrants (including the oversubscription option)	20,000,000

SUMMARY OF THE OFFER

The following does not purport to be a complete listing of all the rights, obligations and privileges attaching to or arising from the Offer Shares and the Warrants. Some rights, obligations or privileges may be further limited or restricted by other documents and subject to resolution of the Board. Prospective shareholders are enjoined to perform their own independent investigation and analysis of the Company and the Offer Shares. Each prospective shareholder must rely on its own appraisal of the Company and the Offer Shares and its own independent verification of the information contained herein and any other investigation it may deem appropriate for the purpose of determining whether to invest in the Offer Shares and must not rely on any statement or the significance, adequacy or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective shareholder's independent evaluation and analysis.

Company / Issuer	NOW Corporation.
Issue Manager, Bookrunner and Underwriter	Unicapital, Inc.
The Offer	Redeemable, convertible, cumulative, non-participating, non-voting Peso-denominated Preferred "A" Shares.
Offer Size	Primary offer of up to ₱500,000,000.00 consisting of 5,000,000 Preferred "A" Shares (the "Firm Shares") with an Oversubscription Option of up to ₱500,000,000.00 consisting of 5,000,000 additional Preferred "A" Shares (the "Oversubscription Option", and the Preferred "A" Shares pertaining to such option, the "Oversubscription Option Shares") for an aggregate issue size of up to ₱1,000,000,000.00 (the "Offer") [the Firm Shares and the Oversubscription Option Shares shall be collectively referred to as the "Offer Shares"]. In the event of oversubscription, the Underwriter, in consultation with the Company, reserves the right, but not the obligation to increase the Offer size by the exercise of the Oversubscription Option subject to the registration requirement of the SEC. In case the Oversubscription Option is partly exercised or not exercised at all during the Offer Period, the remaining Oversubscription Option Shares will be retuned to the unissued Preferred "A" Shares.
	Each of the 132 PSE Trading Participants shall initially be allocated 7,500 Firm Shares, with a total of 990,000 Firm Shares, or 20%, of the Offer to be offered and sold at the Offer Price to 132 PSE Trading Participants. There will be a total of 10,000 residual Firm Shares to be allocated as may be determinded by the Underwriter. The remaining 4,000,000 Firm Shares (or approximately 80% of the total Firm Shares) shall be distributed by the Issue Manager, Bookrunner and Underwriter to qualified buyers and to the general public. Firm Shares not taken up by the PSE Trading Participants, qualified buyers and the general public shall be purchased by the Issue Manager, Bookrunner and Underwriter under a firm commitment pursuant to an Underwriting Agreement.
Use of Proceeds	The Company intends to use the net proceeds from the Offer partly to fund its expansion of Fiber-in-the-Air broadband service and for general corporate purposes.
Par Value of the Offer Shares	₱1.00.
Features of the Offer Shares	Redeemable, convertible, cumulative, non-participating, non-voting Peso-denominated Preferred "A" Shares, with detachable subscription Warrants.
Offer Price for the Offer Shares	₱100.00 per Offer Share.
Non-Voting Offer Shares	The Offer Shares are non-voting, except in cases wherein the holders of non-voting shares are, under Section 6 of the Corporation Code, nevertheless entitled to vote, on the following matters:

	1. Amendment of the articles of incorporation; 2. Adoption and amendment of by-laws; 3. Sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the corporate property; 4. Incurring, creating, or increasing bonded indebtedness; 5. Increase or decrease of capital stock; 6. Merger or consolidation of the corporation with another corporation or other corporations; 7. Investment of corporate funds in another corporation or business in accordance with the Corporation Code; and 8. Dissolution of the corporation.
Conversion Terms	The holders of the Preferred "A" Shares may convert all of their outstanding Preferred "A" Shares to common shares of the Company at a conversion price of ₱20.00, or a conversion ratio of five (5) common shares for every one (1) Preferred "A" Share, between the 3rd and 4th anniversaries.
Optional Redemption and Purchase	As and if approved by its Board of Directors, the Company may redeem the Offer Shares, in whole and not in part, five (5) years from the Issue Date, or on any Dividend Payment Date thereafter, after giving not less than thirty (30) days but not more than sixty (60) days' written notice prior to the intended date of redemption ("Optional Redemption Dates"), at a redemption price equal to the Offer Price of the Offer Shares plus all dividends due then on the actual date of redemption as well as all accumulated dividends due and payable, or dividends in which the declaration and/or payment have been deferred, in respect of prior Dividend Periods (the "Redemption Price"). Such notice to redeem shall be deemed irrevocable upon issuance thereof.
Dividends and Dividend Rate	As and if dividends are declared by the Board of Directors on the Offer Shares, the dividends payable to each holder of the Offer Shares will be at the fixed rate of [7.5544% to 8.3044%][3] per annum, calculated in respect of each Offer Share. The final dividend rate for the Offer Shares was determined through a book building process. The range at which the Issuer and Unicapital, Inc. accepted tenders in respect of the Offer Shares was within the sum of (i) the simple average of five (5) year PDST-R2 benchmark rates for three (3) consecutive business days ending on (and including) the Dividend Rate Setting Date plus (ii) a spread of one hundred seventy-five (175) to two hundred fifty (250) basis points. If the five (5) year PDST-R2 benchmark rate is not available or cannot be determined, any such successor rate that is generally accepted by the market or a self-regulatory organization as shown on the PDEX (or such successor page) of Bloomberg (or such successor electronic service provider) will be used. Cash dividends on the Offer Shares will be payable once every Dividend Period on such date set by the Board of Directors at the time of declaration of such dividends in accordance with the terms and conditions of the Offer Shares, which date shall be any day within the period commencing on (and including) the last day of a Dividend Period and fifteen (15) calendar days from the end of the relevant Dividend Period (each a "Dividend Payment Date"). A "Dividend Period" shall be the period commencing on the Issue Date and having a

[3] The Dividend Rate is subject to change and shall be finalized on the Dividend Rate Setting Date. The Dividend Rate shall be set within the sum of (i) the simple average of five (5) year PDST-R2 benchmark rates, or any such successor rate, for three (3) consecutive business days ending on (and including) the Dividend Rate Setting Date plus (ii) a spread of one hundred seventy-five (175) to two hundred fifty (250) basis points.

	duration of three (3) months, and thereafter, each of the successive periods of three (3) months commencing on the last day of the immediately preceding Dividend Period up to but excluding the first day of the immediately succeeding Dividend Period; provided that, the first Dividend Period of the Offer Shares shall be the period commencing on the Issue Date and ending on the last day of the then current dividend period for the Offer Shares. If a Dividend Payment Date occurs after the end of a Dividend Period, there shall be no adjustment as to the amounts of dividends to be paid. The dividends on the Preferred "A" Shares will be calculated on a 30/360-day basis. If the Dividend Payment Date is not a Banking Day, dividends will be paid on the next succeeding Banking Day, without adjustment as to the amount of dividends to be paid. Dividends on the Offer Shares will be cumulative. If for any reason the Board of Directors of the Company does not declare dividends on the Offer Shares for a dividend period, the Company will not pay dividends on the Dividend Payment Date for that Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Offer Shares must receive the dividends due them on such Dividend Payment Date as well as all dividends accrued and unpaid to the holders of the Offer Shares prior to such Dividend Period. The holders of the Offer Shares shall not be entitled to participate in any other or further dividends beyond the dividends specifically payable on the Offer Shares.
Step Up Rate	Unless the Offer Shares are redeemed by the Company on the applicable Optional Redemption Dates (as defined above in "Optional Redemption and Purchase" on the 5th Anniversary from Issue Date), the dividend rate shall be adjusted to the higher of: a) The Initial Dividend Rate; or b) The 10-year PDST-R2, or any such successor rate, plus a Step-up Spread. The Step-up Spread shall be equivalent to the Initial Spread plus [250]bps.
Dividend Policy	As of the date of this Prospectus, the Company and its subsidiaries have no defined dividend policy, as such, the Company shall pay dividends depending on its current profitability and liquidity requirements. The amount of dividend declaration annually by the Company depend on the net income, cash availability and the investment projects as approved by the Board of Directors of the Company and each of the subsidiaries. Nevertheless, the Company and its subsidiaries, in declaring and paying dividends, will also take into consideration the interests of its shareholders, their working capital, capital expenditures, debt servicing requirements as well as provisions of the Tax Code and the Corporation Code. The declaration and payment of cash dividends for each Dividend Period will be subject to the sole and absolute discretion of the Board of Directors of the Company, to the extent permitted by applicable laws and regulations, and the covenants (financial or otherwise) in the agreements to which the Company is a party. The Board of Directors will not declare and pay dividends for any Dividend Period where payment of the Dividend would cause the Company to breach any of its financial covenants.
Redemption Due to an Accounting Event or Tax Event	The Company may also redeem the Offer Shares, in whole (not in part), at any time if an Accounting Event or Tax Event (each as defined below) has occurred and is continuing, having given not less than thirty (30) but not more than sixty (60) days'

	written notice prior to the intended date of redemption. Such notice shall be deemed irrevocable upon issuance thereof.
Accounting Event	An accounting event ("Accounting Event") shall occur if an opinion of a recognized accountancy firm authorized to perform auditing services in the Republic of the Philippines has been delivered to the Company stating that the Offer Shares may no longer be recorded as equity in the audited consolidated financial statements of the Company prepared in accordance with PFRS, or such other accounting standards which succeed PFRS as adopted by the Company for the preparation of its audited consolidated financial statements for the relevant financial year and such event cannot be avoided by the Company even by taking reasonable measures available to it.
Tax Event	A tax event ("Tax Event") shall occur if payments on the Offer Shares become subject to additional or higher withholding tax or any new tax (including a higher rate of an existing tax) as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided even by taking reasonable measures available to the Company.
Tax	All payments in respect of the Offer Shares are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Republic of the Philippines, including, but not limited to, stamp, issue, registration, documentary, value-added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the Company will pay additional amounts so that the holders of the Offer Shares will receive the full amount of the relevant payment which otherwise would have been due and payable. Provided, however, that the Company shall not be liable for, and the foregoing payment undertaking of the Company shall not apply to: a) the final withholding tax applicable on dividends earned on the Offer Shares as prescribed under the National Internal Revenue Code of 1997, as amended; b) as applicable, any income tax (whether or not subject to withholding), percentage tax, stock transaction tax and documentary stamp tax on the redemption of the Offer Shares or on the liquidating distributions as may be received by a holder of Offer Shares; c) any expanded value-added tax which may be payable by any holder of the Offer Shares on any amount to be received from the Company under the terms and conditions of the Offer Shares; d) any withholding tax on any amount payable to any holder of Offer Shares or any entity which is a non-resident foreign corporation; and e) any applicable taxes on any subsequent sale or transfer of the Offer Shares by any holder of the Offer Shares which shall be for the account of the said holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes). All sums payable by the Company to tax-exempt entities shall be paid in full without deductions for taxes, duties, assessments or governmental charges provided said entities present sufficient proof of such tax-exempt status from the tax authorities. Documentary stamp tax for the primary issue of the Offer Shares and the documentation, if any, shall be for the account of the Company. See section entitled "Philippine Taxation" in this Prospectus for further information on the tax

	consequences of the purchase, ownership and disposition of the Offer Shares.
No Sinking Fund	There is no mandatory redemption of the Offer Shares. Therefore, the Company has not established, and currently has no plans to establish a sinking fund for the redemption of the Offer Shares.
No Voting Rights	Holders of the Offer Shares shall not be entitled to vote at the Issuer's stockholders' meetings, except as otherwise provided by law.
Non-Participating	Holders of the Offer Shares shall not be entitled to participate in any other or future dividends beyond the dividends specifically payable on the Offer Shares.
No Pre-emptive Rights	Holders of the Offer Shares shall have no pre-emptive rights to subscribe to any shares (including, without limitation, treasury shares) that will be issued or sold by the Issuer.
Liquidation Rights	In the event of liquidation, dissolution, bankruptcy, or winding up of the affairs of the Company, the holders of the Offer Shares shall enjoy preference in the payment, in full or, if the remaining assets of the Company are insufficient, on a pro-rata basis as among all holders of outstanding preferred shares, of the issue price of their shares plus any previously declared and unpaid dividends, before any asset of the Company is paid or distributed to the holders of the common shares and other securities junior to the Offer Shares.
Selling and Transfer Restrictions	Initial placement and subsequent transfers of interests in the Offer Shares shall be subject to the normal selling restrictions for listed securities as may prevail in the Philippines from time to time.
Registration and Listing	The Offer Shares are currently not listed in the PSE. An application for listing of the Offer Shares will be applied for with the PSE subject to compliance with the PSE Listing Rules (subject to PSE approval). The Company does not guarantee that the Offer Shares will be listed in the PSE.
Governing Law	The Offer Shares will be issued pursuant to the laws of the Republic of the Philippines.
Minimum Subscription to the Preferred Shares	Each application shall be for a minimum of 500 Preferred "A" Shares and thereafter, in multiples of 100 Offer Shares. No application for multiples of any other numbers of Offer Shares will be considered.
Warrants	For every one (1) Offer Share held, the holder is entitled to receive two (2) Warrants.
Number of Warrants Applied for Listing	Maximum of 10,000,000 warrants without oversubscription, and maximum of 20,000,000 warrants with full exercise of the oversubscription, or two (2) warrants per Preferred "A" Share.
Maximum Number of Common Shares Underlying the Warrants	Maximum of 10,000,000 common shares underlying the Detachable Warrants without oversubscription, and maximum of 20,000,000 common shares underlying the Detachable Warrants with oversubscription.
Proceeds from the Offer of Warrants	None.

Features of the Warrants	Detachable subscription warrants which may be sold, assigned, transferred by the warrant holder separate from, and independent of, the Offer Shares.
Offer Price for the Warrant	None. Free of charge.
Exercise Period	The Warrants shall be exercisable at the end of the 2nd year until the end of the 3rd year from the Listing Date of the Offer Shares, exercisable every quarter-end. The expiry date of the Warrants shall be day immediately after the last day of the Exercise Period.
Strike Price	The Warrants shall have a strike price of ₱10.00 for the duration of the Exercise Period. The Strike Price was determined through discussions between the Company and the Underwriter. Among the factors considered in determining the Strike Price were the prevailing market conditions, the Company's historical performance, the business potential and the ability to generate earnings and cash flow of the Company, and the prevailing market valuation of companies currently listed in the PSE engaged in comparable businesses. The strike price may not have any correlation to the actual book value of the Offer Shares. While the Warrants shall be issued free of charge, the Warrant holder is required to tender the full amount of the Strike Price in order to exercise the rights under the Warrant.
Listing of Warrants	The Detachable Warrants are not currently listed in the PSE. An application for listing of the Detachable Warrants will be applied for with the PSE subject to compliance with the PSE Listing Rules (subject to PSE approval). The Company does not guarantee that the Detachable Warrants will be listed in the PSE. An application for listing of the underlying common shares will be filed with the Philippine Stock Exchange.
Exercise Ratio	One (1) common share for every one (1) Warrant held.
Procedure in Exercise of Warrants	Subject to the provisions of the Warrant Instrument, and compliance with rules and regulations applicable to the issuance of Warrants, a Warrant holder may exercise his/her right to purchase shares in the Company during the Exercise Period. Any right to purchase shares which have not been exercised during the Exercise Period shall lapse and the Warrants shall cease to be valid for any purpose whatsoever. Warrants shall automatically be delisted upon the lapse of the Exercise Period, subject to PSE rules. For the exercise of a Warrant, the Warrant holder shall withdraw his/her Warrant from the PDTC system pursuant to the procedure of upliftment issued by the PSE. The PCD Nominee shall then transfer back to the Warrant holder legal title to the Warrants lodged with the PDTC by surrendering the Jumbo Certificate of the PCD Nominee to the Warrants Registrar. The Warrants Registrar shall then issue a new Warrant Certificate in the name of the Warrant holder and a new Jumbo Certificate of the PCD Nominee for the unexercised balance of the lodged Warrants. The costs and expenses for the upliftment shall be for the sole account of the Warrant holder. In order for the Warrant holder to exercise the rights under the Warrant, the Warrant holder is required, subject to compliance with applicable laws and regulations, to complete, sign and deliver an Application to purchase form, surrender and endorse

	the Warrant Certificate and tender the full Strike Price to the Warrant Registrar. Payment of the Strike Price shall be made in cash, or a cashier's or manager's check drawn on any Metro Manila branch of a BSP authorized agent bank, and payable to the order of ["NOW FOO"]. The check must be dated as of the date of submission of the Application and crossed ''Payee's Account Only". The exercise of the right under the Warrant shall be deemed completed upon the surrender and endorsement of the Warrant Certificate as provided above and the payment of the full amount of the Strike Price. If payment is effected by check, or by means other than cash, then payment shall be deemed complete upon actual receipt of the funds by the Company. All expenses for the issuance of the Warrant Shares in the name of the Warrant holders who exercise the right under the Warrants, such as but not limited to, documentary stamp taxes and other fees and charges shall be for the sole account of the Company.
Listing Date of Offer Shares and Warrants	[July 30, 2018].
Eligible Investor	The Offer Shares may be subscribed to or held by any person of legal age or duly organized and existing corporations, partnerships or other juridical entities regardless of nationality, subject to the Company's right, by itself or through the Underwriter, to reject an application or reduce the number of Offer Shares applied for subscription or purchase if the same will cause the Company to be in breach of the Philippine capital ownership requirement under relevant Philippines laws. See below "Foreign Ownership Restriction".
Foreign Ownership Restriction	The Offer Shares may be subscribed to or held by any person of legal age or duly organized and existing corporations, partnerships or other juridical entities regardless of nationality, subject to the restriction by law. Aggregate foreign ownership in the Company cannot exceed the maximum of 40% of the issued and outstanding capital stock. An individual non-Filipino individual and non-bank entity can only acquire up to 40% of the issued and outstanding capital stock of the Company. Accordingly, the Company cannot allow the issuance of shares or record the transfer of shares to persons other than Philippine Nationals if such issuance or transfers shall exceed the above-mentioned foreign ownership limits.
Procedure for Application	Application forms to subscribe for Offer Shares in the Offer may be obtained from the Selling Agents or the Underwriter. These Application forms can also be downloaded from the Company's corporate website. All Applications shall be evidenced by the application to purchase form, accompanied by (i) two (2) completed signature cards which, for corporate and institutional Applicants, should be authenticated by the corporate secretary, and the corresponding payment for the Offer Shares covered by the Application and (ii) all other required documents. The duly executed Application form and required documents should be submitted during the Offer Period to the same office where it was obtained. If the Applicant is a corporation, partnership or trust account, the Application must be accompanied by the following documents: 1. A certified true copy of the Applicant's latest articles of incorporation and by-laws and other constitutive documents (each as amended to date) duly certified by its corporate secretary;

	2. A certified true copy of the Applicant's SEC certificate of registration duly certified by its corporate secretary; and 3. A duly notarized corporate secretary's certificate setting forth the resolution of the Applicant's board of directors or equivalent body authorizing the purchase of the Offer Shares indicated in the Application, identifying the designated signatories authorized for the purpose, including his or her specimen signature, and certifying that the percentage of the Applicant's capital or capital stock are 100% held by Philippine citizens and/or corporations, if any. Submission of the completed Application to purchase to the Underwriter or the Selling Agents shall constitute an instruction and authority by the Applicant to the Company and/or the Underwriter to execute any application form or other documents and generally to do all such other things as the Company and/or the Underwriter may consider necessary or desirable to effect the registration in the name of the Applicant of the Offer Shares applied for, or any lesser number in respect of which an Application may be accepted in the stock and transfer book of the Company. The Applicant shall undertake to sign all documents and to do all other acts necessary to enable the Applicant to be registered as the owner of the Offer Shares applied for or any lesser number in respect of which an Application may be accepted, subject to the articles of incorporation and the by-laws of the Company, and the laws of the Republic of the Philippines.
Payment Terms	The Offer Shares must be paid for in full upon submission of the Application. Payment must be made by (a) personal or corporate check drawn against an account with a bank at any of its branches located in Metro Manila; or (b) a manager's or cashier's check issued by a bank, in each case, for Metro Manila clearing only. All checks should be made payable to the order of ["NOW FOO"]. The check must be dated as of the date of submission of the Application and crossed ''Payee's Account Only".
Acceptance / Rejection of Applications	The actual number of Offer Shares that an Applicant will be allowed to subscribe for in the Offer is subject to the confirmation of the Underwriter in consultation with the Company. All Applications shall be subject to the final approval of the Company. The Underwriter, in consultation with the Company, reserves the right to accept or reject, in whole or in part, any Application due to any grounds specified in the Underwriting Agreement entered into by and among the Company and the Underwriter. Applications where checks are dishonored upon first presentation and Applications which do not comply with the terms of the Offer shall be rejected. Moreover, any payment received pursuant to the Application does not mean approval or acceptance by the Company. Any such right to reject may be done by the Company itself or through the Underwriter pursuant to the Underwriting Agreement. An Application, when accepted, shall constitute an agreement between the Applicant and the Company for the subscription to the Offer Shares at the time, in the manner and subject to terms and conditions set forth in the Application and those described in this Prospectus. All Applications accepted by the Company may not be unilaterally revoked or cancelled by the Applicant, in full or in part, and the rights and privileges pertaining thereto are non-transferable. Notwithstanding the acceptance of any Application by the Company, the Underwriter or its duly authorized representatives, the actual subscription and purchase by the Applicant of the Offer Shares will become effective only upon the listing of the Offer Shares on the PSE and upon the obligations of the Underwriter

	under the Underwriting Agreement becoming unconditional and not being suspended, terminated, cancelled, on or before the Listing Date, in accordance with the provisions of such agreement. If such conditions have not been fulfilled on or before the period provided above, all the application payments will be returned to the Applicants without interest and, in the meantime, said application payments will be held in a separate bank account with the Receiving Agent.
Refunds	In the event that the number of Offer Shares to be received by an Applicant, as confirmed by the Underwriter, is less than the number covered by its Application, or if an Application is rejected by the Company, then the Underwriter shall refund, without interest, within five (5) Banking Days from the end of the Offer Period, all or a portion of the payment corresponding to the number of Offer Shares wholly or partially rejected. All refunds shall be made through the Receiving Agent, Underwriter or the Selling Agents, as the case may be, with whom the Applicant has filed the Application, at the Applicant's risk.
Registration and Lodgment of Offer Shares and Warrants with PDTC	The Offer Shares are required to be lodged with the PDTC. The Applicants must provide the required information in the space provided in the Application to effect the lodgment. The Offer Shares will be lodged with the PDTC at least two (2) trading days prior to the Listing Date. The Warrants will be lodged under the scripless book-entry system with the PDTC. The Applicant may request for the uplifting of their shares and Warrants and to receive stock and warrant certificates evidencing their investment in the Offer Shares and Warrants through his/her broker after the Listing Date. Any expense to be incurred by such issuance of certificates shall be borne by the Applicant.
Expected Timetable	The timetable of the Offer is expected to be as follows: Underwriter's Offer Period — [July 16 – July 20, 2018] Selling Agents' Commitment Period — [July 16 – July 19, 2018] Deadline for Selling Agents to Submit Firm Orders and Commitments — [July 19, 2018] Payment Date for Selling Agents — [July 20, 2018] Listing Date and commencement of trading on the PSE — [July 30, 2018] The dates included above are subject to the approval of the PSE and the SEC, market and other conditions, and may be changed.
Risks of Investing	Before making an investment decision, prospective investors should carefully consider the risks associated with an investment in the Offer Shares. Certain of these risks are discussed in the section entitled "Risk Factors" of this Prospectus and include: risks relating to the Company's business, risks relating to the Philippines, risks relating to the Offer and the Offer Shares and risks relating to certain statistical information in the Prospectus.
Legal Counsel to the Issuer	Angara Abello Concepcion Regala & Cruz Law Offices 22nd Floor, ACCRALAW Tower 2nd Avenue corner 30th Street Crescent Park West, Bonifacio Global City 0399 Taguig City, Philippines.

Legal Counsel to the Issue Manager, Bookrunner and Underwriter	Cruz Marcelo & Tenefrancia 9th, 10th, 11th and 12th Floors, One Orion 11th Avenue corner University Parkway Bonifacio Global City, 1634 Taguig City, Philippines.
Selling Agents	PSE Trading Participants.
Stock Transfer Agent	Professional Stock Transfer, Inc.
Warrants Registrar	Professional Stock Transfer, Inc.
Receiving Agent	Professional Stock Transfer, Inc.
Depository Agent	Philippine Depository and Trust Corporation.

SUMMARY OF FINANCIAL AND OPERATING INFORMATION

The following tables set forth selected consolidated financial information of the Company and should be read in conjunction with the Company's consolidated financial statements including the notes thereto, and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in the Prospectus. The Company's unaudited interim condensed consolidated financial statements as of March 31, 2018 were prepared in accordance with PFRS and reviewed by SGV in accordance with PSRE 2410. The Company's audited consolidated financial statements as of and for the years ended December 31, 2017, 2016 and 2015, were prepared in accordance with Philippine Financial Reporting Standards (PFRS) and were audited by SGV in accordance with the Philippine Standards on Auditing ("PSA"). The following data is qualified in its entirety by reference to all of the aforementioned information.

NOW CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
ASSETS		
Current Assets		
Cash	₱19.288.765	**₱10,694,196**
Trade and Other receivables	183,075,592	**167,943,224**
Amount owed to related parties	140,308,831	**95,955,268**
Other current assets	52,297,181	**47,364,921**
Total Current Assets	394,970,369	**321,957,609**
Noncurrent Assets		
Investments in shares of stocks	1,289,278,350	**1,289,278,350**
Advances from Affiliates	23,592,818	**23,592,818**
Due from related parties – net of current	27,497,744	**27,497,744**
Property and equipment – net	12,673,379	**8,711,463**
Other noncurrent assets	860,774	**739,715**
Total Noncurrent Assets	1,353,903,065	**1,349,820,090**
TOTAL ASSETS	₱1,748,873,434	**₱1,671,777,699**
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	130,320,180	**97,337**
Due to related parties	207,716,953	**164,067,259**
Loans Payable- current	50,000,000	
Finance Lease Obligation- Current portion	141,048	**151,454,345**
Total Current Liabilities	388,178,181	**315,618,941**
Noncurrent Liabilities		
Loans Payable- net of current portion	**-**	**-**
Finance Lease Obligation- net of current portion	449,107	**351,614**
Other noncurrent liabilities	1,077,285	**-**
Total Noncurrent Liabilities	1,361,826	**351,614**
Total Liabilities	389,540,007	315,970,555
Equity Attributable to Equity Holders of the Parent		
Common	1,517,278,350	**1,517,278,350**
Deposit for future stock subscription	264,000,000	**264,000,000**
Retained Earnings	(417,631,887)	**(421,158,169)**
Revaluation	1,152,963	**1,152,963**
Equity Reserve	(1,978,794)	**(1,978,794)**
Non-controlling Interest	(3,487,206)	**(3,487,206)**
Total Equity	₱1,359,333,426	**₱1,355,807,144**
TOTAL LIBILITIES AND EQUITY	₱1,748,873,433	**₱1,671,777,699**

NOW CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
REVENUES		
Service Revenue	₱7,888,378	126,666,201
Sales	23,864,670	21,698,063
Others	2,092,030	610,161
	33,845,079	148,974,425
COST AND EXPENSES		
Cost of services	5,549,081	53,822,587
Cost of sales	3,514,063	31,980,891
Salaries and other benefits	6,380,560	13,772,096
Outside Services	1,958,351	6,988,982
Rental	2,204,492	1,739,036
Taxes and licenses	692,476	4,095,999
Professional fees	110,000	2,495,621
Light and water	46,593	284,014
Transportation and travel	1,444,931	5,026,897
Advertising and promotion	67,448	2,367,961
Depreciation and amortization	1,501,737	4,411,001
Repairs and maintenance	67,358	180,576
Communication	1,149,004	4,496,294
Representation	2,045,168	6,227,299
Office supplies	719,531	793,637
Others	1,136,338	1,076,501
Insurance	43,124	199,904
Interest	222,416	52,015
Provision on impairment loss on receivables	-	1,940
Foreign exchange losses(gains)	-	-
Miscellaneous	-	-
	28,852,671	140,013,251
INCOME (LOSS) BEFORE INCOME TAX	4,992,409	8,961,174
PROVISION FOR INCOME TAX		
Current	1,466,126	2,670,958
Deferred	- -	
NET INCOME (LOSS)	3,526,282	6,290,216
Currency Translation Adjustment – Gain (Loss)	-	-
TOTAL COMPREHENSIVE INCOME	3,526,282	6,290,216
Non-controlling interests	-	-
	3,526,282	6,290,216
Basic /Diluted Earnings (Loss) Per Share	0.0023	0.0045

NOW CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
NET INCOME (LOSS) ATRRIBUTABLE TO:		
Equity holders of the Parent	3,526,282	6,290,216
Non-controlling interests		
	3,526,282	6,290,216
OTHER COMPREHENSIVE INCOME		
Cumulative translation adjustment	-	12,528
TOTAL COMPREHENSIVE INCOME (LOSS)	3,526,282	6,302,744
ATTRIBUTABLE TO:		
Equity holders of the parent	3,526,282	6,804,584
Non-controlling interest		(501.840)
	3,526,282	6,302,744

NOW CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
CAPITAL STOCK		
Authorized - 1,360,000,000 shares in 2006 and 40,000,000 shares in 2005		
Issued - 1,217,278,350 shares in 2006 and 28,000,000 shares in 2005		
Balance at the beginning of the year	1,517,278,350	1,517,278,350
Issuance		
Balance at end of the year	1,517,278,350	1,517,278,350
Deposit for future stock subscription	264,000,000	264,000,000
RETAINED EARNINGS		
Balance at beginning of the year	(421,158,169)	(427,950,225)
Net Income (loss)	3,526,282	6,792,056
Deficit	(417,631,887)	(421,158,169)
Equity Reserve	(1,978,794)	(1,978,794)
Cumulative Translation Adjustment	1,152,963	1,152,963
	(418,457,718)	(421,984,000)
Non-controlling equity	(3,487,206)	(3,487,206)
Balance at end of year	(421,944,924)	(425,471,206)
Total Equity	1,359.333,426	1,355,807,144

NOW CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Income (Loss) before income tax	4,992,409	8,961,174
Adjustments for:		
Interest and Other charges(Note 9 & 11)	222,416	52,015
Depreciation and amortization (Note 7 & 14)	1,501,737	4,411,001
Provision on Impairment loss on receivables (Note 4 and 14)	-	1,940
Unrealized foreign exchange loss	-	-
Loss on disposal of property and equipment	-	-
Interest income	(4,946)	(472.507)
Straight line adjustment on rent		5,933
Equity in net losses of associates (Note 8)	-	-
Operating income (loss) before working capital changes	6,711,615	12,959,556
Decrease (increase) in:		
Trade and other receivables	(15,132,368)	**(52,412,796)**
Other current assets	(6,457,358)	**(16,065,878)**
Increase (decrease)		
Accounts payable and accrued expenses	16,252,921	**20,778,922**
Net cash generated from (used in) operations	1,374,810	**(34,740,196)**
Interest received	4,946	**5,474**
Income taxes paid	(1,466,126)	**(2,670,958)**
Interest paid	(222,416)	**(52,105)**
Net cash flows from (used in) operating activities	(308,786)	**(37,457.695)**
CASH FLOW FROM INVESTING ACTIVITIES		
Increase in:		
Due to related parties	(44,353,563)	**(23,446,997)**
Other noncurrent assets	(121,059)	**(354,465)**
Acquisition of property and equipment (Note 7)	(3,961,916)	**(6,458,047)**
Investments	-	-
Net cash flows from (used in) investing activities	(48,436,538)	(29,788,911)
CASH FLOWS FROM FINANCING ACTIVITY		
Increase in amounts owed to related parties	57,339,893	**73,933,763**
Proceeds from sale of I-prof shares		**168,800**
Payment of loans payable	-	(87,582)
Payment of finance lease	-	-
Net cash flows from financing activities	57,339,893	74,014,981
EFFECT OF EXCHANGE RATE CHANGES ON CASH		-
NET INCREASE (DECREASE) IN CASH	8,594,569	**6,297,777**
CASH AT BEGINNING OF THE YEAR	10,694,196	**4,396,419**
CASH AT END OF THE YEAR	19,288,765	**10,694,196**

NOW CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31		
	2017	**2016**	**2015**
ASSETS			
Current Assets			
Cash	**₱10,694,196**	₱4,396,419	₱15,979,672
Trade and other receivables	**167,943,224**	115,532,368	81,788,408
Due from related parties	**95,955,268**	72,495,743	48,386,597
Other current assets	**47,364,921**	7,659,213	4,178,091
Total Current Assets	**321,957,609**	200,083,743	150,332,768
Noncurrent Assets			
Available-for-sale investments	**1,289,278,350**	1,289,278,350	1,289,278,350
Advances to affiliates	**23,592,818**	23,592,818	28,592,818
Due from related parties	**27,497,744**	27,030,711	26,563,678
Property and equipment	**8,711,463**	6,614,680	3,250,507
Other noncurrent assets - net of accumulated amortization of computer software	**739,715**	434,987	333,964
Total Noncurrent Assets	**1,349,820,090**	1,346,951,546	1,348,019,317
TOTAL ASSETS	**₱1,671,777,699**	₱1,547,035,289	₱1,498,352,085
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	**₱164,067,259**	₱119,642,574	₱132,927,061
Due to related parties	**151,454,345**	77,520,582	238,078,380
Loans payable	**97,337**	87,426	44,500,000
Total Current Liabilities	**315,618,941**	197,250,582	415,505,441
Noncurrent Liabilities			
Loans payable	**351,614**	449,107	–
Total Noncurrent Liabilities	**351,614**	449,107	–
Total Liabilities	**₱315,970,555**	₱197,699,689	₱415,505,441

	December 31		
	2017	**2016**	**2015**
Equity Attributable to Equity Holders of the Parent Company			
Common stock	**1,517,278,350**	1,517,278,350	1,517,278,350
Deposits for future stock subscriptions	**264,000,000**	264,000,000	–
Cumulative translation adjustments	**1,152,963**	1,140,435	1,149,988
Equity reserve	**(1,978,794)**	–	–
Deficit	**(421,158,169)**	(427,950,225)	(430,450,658)
	1,359,294,350	1,354,468,560	1,087,977,680
Non-controlling Interest	**(3,487,206)**	(5,132,960)	(5,131,036)
Total Equity	**1,355,807,144**	1,349,335,600	1,082,846,644
TOTAL LIABILITIES AND EQUITY	**₱1,671,777,699**	₱1,547,035,289	₱1,498,352,085
	-	-	-

NOW CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	December 31		
	2017	**2016**	**2015**
REVENUES			
Service fees	**₱126,666,201**	₱90,623,757	₱67,108,027
Sales	**21,698,063**	13,048,685	47,331,371
Others	**610,161**	1,764,541	954,483
Total	**148,974,425**	105,436,983	115,393,881
COSTS OF SALES AND SERVICES	**85,803,478**	56,646,942	75,600,352
GROSS INCOME	**63,170,947**	48,790,041	39,793,529
GENERAL AND ADMINISTRATIVE EXPENSES	**54,077,860**	43,401,136	31,211,830
OTHER CHARGES			
Interest expenses	**52,015**	572,962	1,053,844
Others	**79,898**	124,170	783,532
Total	**131,913**	697,132	1,837,376
INCOME (LOSS) BEFORE INCOME TAX	**8,961,174**	4,691,773	6,744,323
PROVISION FOR CURRENT INCOME TAX	**2,670,958**	2,193,264	1,508,890
NET INCOME (LOSS)	**₱6,290,216**	₱2,498,509	₱5,235,433
NET INCOME (LOSS) ATTRIBUTABLE TO:			
Equity holders of the Parent	**₱6,792,056**	₱2,500,433	₱5,236,704
Non-controlling interests	**(501,840)**	(1,924)	(1,271)
	₱6,290,216	₱2,498,509	₱5,235,433
Basic/Diluted Earnings (Loss) Per Share	**₱0.0045**	₱0.0016	₱0.0040

NOW CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent							
	Common Stock	Deposit for future stock subscriptions	Cumulative Translation Adjustment	Equity reserve	Deficit	Total	Non-controlling Interest	Total
Balances at December 31, 2014	₱1,317,278,350	₱–	₱1,164,222	₱–	(₱435,687,362)	₱882,755,210	(₱5,129,765)	₱877,625,445
Total comprehensive loss	–	–	(14,234)	–	5,236,704	5,222,470	(1,271)	5,221,199
Issuance of Parent Company's common stock	200,000,000	–	–	–	–	200,000,000	–	200,000,000
Balances at December 31, 2015	1,517,278,350	–	1,149,988	–	(430,450,658)	1,087,977,680	(5,131,036)	1,082,846,644
Total comprehensive income	–	–	(9,553)	–	2,500,433	2,490,880	(1,924)	2,488,956
Deposit for future stock subscription	–	264,000,000	–	–	–	264,000,000	–	264,000,000
Balances at December 31, 2016	1,517,278,350	264,000,000	1,140,435	–	(427,950,225)	1,354,468,560	(5,132,960)	1,349,335,600
Total comprehensive income	–	–	12,528	–	6,792,056	6,804,584	(501,840)	6,302,744
Sale of i-Professional shares	–	–	–	(1,978,794)	–	(1,978,794)	2,147,594	168,800
Balances at December 31, 2017	₱1,517,278,350	264,000,000	₱1,152,963	(₱1,978,794)	(₱421,158,169)	₱1,359,294,350	(₱3,487,206)	₱1,355,807,144

NOW CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱8,961,174**	₱4,691,773	₱6,744,323
Adjustments for:			
Depreciation and amortization	**4,411,001**	2,214,569	3,567,678
Interest income	**(472,507)**	(470,984)	(711,418)
Interest expense	**52,015**	572,962	1,053,844
Straight-line adjustment on rent	**5,933**	–	–
Provision for impairment losses on:			
Trade and other receivables	**1,940**	685,685	4,033,832
Advances to affiliates	**–**	5,000,000	–
Other current assets	**–**	–	158,767
Operating income before working capital changes	**12,959,556**	12,694,005	14,847,026
Decrease (Increase) in:			
Trade and other receivables	**(52,412,796)**	(34,439,198)	(34,019,377)
Other current assets	**(16,065,878)**	(3,481,122)	(105,971)
Increase (Decrease) in accounts payable and accrued expenses	**20,778,922**	(13,284,487)	11,744,986
Net cash used in operations	**(34,740,196)**	(38,510,802)	(7,533,336)
Income taxes paid	**(2,670,958)**	(2,193,264)	(1,508,890)
Interest paid	**(52,015)**	(572,806)	(965,588)
Interest received	**5,474**	3,951	7,607
Net cash flows used in operating activities	**(37,457,695)**	(41,272,921)	(10,000,207)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in:			
Due from related parties	**(23,446,997)**	(24,109,146)	(2,323,936)
Other noncurrent assets	**(354,465)**	(227,928)	(193,403)
Additions to property and equipment	**(6,458,047)**	(5,451,837)	(239,078)
Net cash flows used in investing activities	**(30,259,509)**	(29,788,911)	(2,756,417)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in due to related parties	**73,933,763**	58,942,202	26,727,168
Sale of i-Professional shares	**168,800**	–	–
Payment of loans payable	**(87,582)**	(44,500,000)	–
Proceed from loan availment	**–**	45,036,377	–
Cash flows from financing activities	**74,014,981**	59,478,579	26,727,168
EFFECT OF EXCHANGE RATE CHANGESON CASH	**–**	–	2,371
NET INCREASE (DECREASE) IN CASH	**6,297,777**	(11,583,253)	13,972,915
CASH AT BEGINNING OF YEAR	**4,396,419**	15,979,672	2,006,757
CASH AT END OF YEAR	**₱10,694,196**	₱4,396,419	₱15,979,672

RISK FACTORS

An investment in the Offer Shares involves several risks. The price of securities may fluctuate, and any individual security is likely to experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred as a result of buying and selling securities. The Company's past performance is not indicative of its future performance and results, and there may be a large difference between the buying price and the selling price of any security.

Investors deal in a range of investments, each of which may carry a different level of risk. Investors should carefully consider all the information contained in this Prospectus, including the risk factors described below, before making any investment decision relating to the Offer Shares. The occurrence of any of the following events, or other events not currently anticipated, may have an adverse effect on the business, financial condition, results of operations, the market price of the Offer Shares and the ability to make dividend distributions to the Company's shareholders. All or part of an investment in the Offer Shares may be lost.

This Prospectus contains forward-looking statements that involve risks and uncertainties. The Company adopts what it considers conservative financial and operational controls and policies to manage its business risks. The actual results may differ significantly from the results discussed in the forward-looking statements. See section entitled "Forward-Looking Statements" in this Prospectus. Factors that might cause such differences, thereby making any investment in the Offer Shares speculative or risky, may be summarized into those that pertain to the business and operations of the Company, in particular, and those that pertain to the over-all political, economic and business environment in general. The manner by which these risks may be managed are discussed herein and are also presented under "Business — Competitive Strengths", "Business — Business Strategies", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Board of Directors and Senior Management and *Corporate Governance" in this Prospectus. The risk factors discussed in this section are of equal importance and are only separated into categories for easy reference.*

Investors should carefully consider all the information contained in this Prospectus, including the risk factors described below, before deciding to invest in the Shares. This Section does not purport to disclose all the risks and other significant aspects of an investment in the Offer Shares. The occurrence of any of the events discussed below and any additional risks and uncertainties not presently known to the Company or that are currently considered immaterial could have a material adverse effect on the Company's business, results of operations, financial condition and prospects and on the Shares and the investors may lose all or part of their investment. Investors should undertake independent research regarding the Company and the trading of securities before commencing any trading activity, and any investor may request all publicly available information regarding the Company and the Offer Shares from the SEC and the PSE.

An investor should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to be invested in or the nature of risks involved in holding and trading of such securities, especially in the trading of high-risk securities. Each investor should consult its own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of an investment in the Offer Shares.

RISKS RELATING TO THE COMPANY'S BUSINESS

A. Risk Factors on Broadband and Wireless Cable TV Service

The Company utilizes the services provided by telecommunication and cable TV service providers in providing broadband internet and value-added services to its clients. The unavailability of, disruptions, or limitations in these telecommunication and cable TV service providers' network could have material adverse effect on the Company's business.

The Company offers value-added services through partnerships with companies licensed to provide wired and wireless, fixed and mobile communications services. As a value-added service provider, the Company currently utilizes the services provided by NOW Telecom, an authorized and duly licensed wireless telecommunications service provider, and Newsnet, a cable TV service provider, in delivering its broadband services to its clients. NOW Telecom is a mobile telecommunications service license holder, which provides the Company with network resources such as hardware and data service platform, connection to gateway or server, and mobile value-added services technical protocol and interface specifications, which are all essential to its broadband business. Newsnet, on the otherhand, is a cable TV service provider which provides the Company with bandwidth services needed for the provision of its broadband services.

The Company's provision of broadband and value-added services is subject to the capacity limitation of NOW Telecom and Newsnet's respective networks to transmit data or information. The Company's delivery of broadband services thus depends on the quality, continuous delivery, availability and accessibility of the services being provided by NOW Telecom and Newsnet, which serve as its major suppliers.

Any damage to the telecommunications and cable TV infrastructures of NOW Telecom and Newsnet due to catastrophes, system failures, or security breach causing temporary or permanent transmission interruptions may negatively impact the Company's delivery of broadband and value-added services to its clients. Consequently, poor delivery of broadband and value-added services due to these transmission issues may lead to loss of clients and reputational damage, which may all negatively impact the Company's results of operations and financial condition.

NOW Telecom is an affiliate of the Company and Newsnet is a wholly-owned company of Velarde, Inc., which, directly and indirectly, is the single biggest shareholder of the Company. The Company thus believes that the interests of NOW Telecom and Newsnet are, to a certain extent, in line with the interest of the Company. Hence, continuous delivery, availability and accessibility of broadband and value-added services to the public may be expected. Although these are related parties to the Company, the latter ensures that it enters into related parties on arm's length basis, and proper disclosures as a listed company are made.

The Company offers its value-added services through its partnership with NOW Telecom and Newsnet. The franchise of Newsnet will expire in 2021, while the renewed franchise of NOW Telecom will expire in 2043.

The Company provides its value-added services through its partnership with NOW Telecom and Newsnet.

The franchise of NOW Telecom has been renewed with the recent promulgation of Republic Act No. 10972 entitled "An Act Renewing for Another Twenty-Five (25) Years the Franchise Granted to Infocom Communications Network Inc. (Presently Known As Now Telecom Company, Inc.) Under Republic Act No. 7301, Entitled 'An Act Granting Infocom Communications Network, Inc. (ICNI), A Franchise To Construct, Establish, Operate And Maintain Mobile Radio Systems, Cellular Phone Systems, Personalized Communication Network (PCN), And Trunked Radio Systems Within And Without The Philippines For A Period Of Twenty-Five (25) Years, And For Other Purposes,' As Amended By Republic Act No. 7940." Said law was approved and signed by President Rodrigo Duterte on 22 February 2018. It was published in a newpaper of general circulation on March 09, 2018 and became effective fifteen (15) days later or on March 24, 2018.

The Company faces significant competition from existing and well-established broadband and telecommunications value-added services providers. Resourced telecommunication companies which have invested heavily in modernizing their infrastructure and technology pose a big threat to the Company's broadband business.

The Company recently expanded its business to include broadband and value-added services. As a new entrant in the industry, the Company faces significant competition from existing broadband service providers, like Philippine Long Distance Telephone Company ("PLDT") and Globe Telecom ("Globe"), particularly in areas such as network coverage, structure, pricing and quality of service. As these telecommunication companies have already established their market base and have been in the telecommunications industry for a significant period of time, they have the advantage of having more resources and infrastructure.

At present, the Company only offers its broadband services to the enterprise market including high-end residential and commercial buildings with multiple BPO locators. Although the Company offers its broadband services as an auxillary to the broadband services provided by existing players, and despite being the first to market the Fiber-in-the-Air fixed wireless broadband technology with a CIR broadband connectivity service of up to 700 Mbps, there is no assurance that PLDT and Globe will not lower the price of their services, or will not invest in or develop technologies similar to that being used by the Company to further improve the quality of their services. There is also no assurance that competition will not be further intensified, or that existing players will not aggressively compete with the Company, thereby making it more difficult for the Company to execute its expansion plans, and grow or sustain its market share. The Company's ability to successfully hurdle the intense competition, and implement its expansion plans, may materially impact the Company's business, financial condition and results of operations.

The Company believes that it has more flexibility in terms of pricing since its Fiber-in-the-Air fixed wireless broadband technology need not maintain and depend on infrastructure requirements of other broadband internet service providers. In addition, unlike other broadband internet service providers that have already incurred significant upfront capital costs to lay their own fiber optic infrastructure, the Company intends to develop its fiber optic infrastructure by first identifying, connecting and creating a customer base through its wireless Fiber-in-the-Air network in order to minimize its capital expenditures and to allow greater flexibility in terms of pricing. The Company believes that the above strategy will enable its business to be more profitable despite the looming threat posed by well-established broadband Internet service providers.

The Company's broadband technology may be overtaken by rapid technological advancements in the telecommunications media and technology sector.

The telecommunications media and technology industry in which the Company operates is characterized by rapid technological advancements. Remarkable progress and innovations in telecommunications technology will continue to have enormous impact on the telecommunications media and technology industry. The Company believes that being the first to market and introduce the Fiber-in-the-Air fixed wireless broadband technology with a CIR broadband connectivity service of up to 700 Mbps in the Philippines, gives it a competitive advantage over its competitors.

There is, however, a risk that its competitors with larger budgets for research and development, marketing and other resources than the Company may at any time invest in or develop similar or even better technology, or provide higher bandwidth services at a lower price. The introduction of services embodying new technologies, or the provision by these competitors of higher bandwidth services at a lower price may overtake the Company's existing broadband and value-added services and make it less attractive to its current and potential clients.

In the event that the Company is unable to devote more resources for research and development, promotion and support, all aimed at upgrading the technology for its broadband business, the Company's target share in the market and expansion plans could be adversely affected leading to a material effect on its business and financial condition. In addition, notwithstanding any efforts to conduct research and development activities, there is a risk that the intended benefits of the Company's technology upgrades such as operational efficiencies, increased capacity, enhanced system security and cost-savings, may fail to materialize or may cost more than expected.

To manage this risk, the Company intends to invest on research and development to continuously develop, improve and enhance its service offerings. The Company also intends to look for alternative broadband delivery systems that are cost efficient, effective and are already available in the market, by forging strategic partnerships with global technology suppliers that have the experience in manufacturing carrier-grade equipment.

The Company depends on partner buildings in providing broadband service.

In order to establish a Point-to-Point and Point-to-Multipoint broadband connection, the Company installs radio network antennas atop strategically located buildings. Since a Point-to-Point and Point-to-Multipoint connection only works when there is a building to building connectivity within the desired distance and vicinities, the Company needs to secure consent from building owners. Failure on the part of the Company to secure consent of the target building partner or maintain that of its current building partners may result in delays in the implementation of its expansion plans or disruption of its business operations.

To manage this risk, the Company has maintained good relationships with its select building partners. The Company also initiated a partner formation program which allows revenue-sharing opportunity for qualified building partners.

The Company's marketing efforts in sustaining the growth of its broadband business may not prove successful.

The Company's current marketing strategy is to offer itself as an auxiliary to existing broadband internet service providers. This marketing strategy may not be sustainable considering that there may be a limited amount of customers willing to avail of an auxiliary service as this entails additional costs. Further, demand for auxiliary services depends on the quality of service provided by other broadband service providers.

Although the Company's current marketing strategy is to position its broadband business as an alternative and/or as an auxiliary service, most of its clients already consider the Company as their primary broadband internet service provider. The Company has also taken steps to make its services more attractive to customers by introducing a fixed-wireless broadband service with a CIR broadband connectivity of up to 700 Mbps which may improve the quality of broadband service in the country.

The Company's ability to provide broadband and value-added services depends on the efficient and uninterrupted operation of its IT and computer network systems. Disruptions to IT systems could adversely affect the Company's business operations.

The Company's ability to provide reliable and high-speed broadband internet connection as well as value-added services to a growing number of clients largely depends on the efficient and uninterrupted operation of its IT and computer network systems. Any breakdown caused by catastrophes, security breach, improper operation, or any other events affecting the Company's IT and computer systems may result in temporary or permanent cessation of its business operation.

In addition, the Company's IT systems may also suffer from software and hardware defects, difficulties in installations, as well as increased costs in maintenance and upgrade. In the event that the Company is unable to manage its IT and computer network system, this could adversely impact its business, financial condition and results of operations.

The Company manages this risk by regularly updating and ensuring that its IT systems are properly maintained. In addition, the Company has established its own 24/7 network operations center that oversees the operations of the system for broadband service and provides troubleshooting and technical support to the Company's clients.

The Company's planned Fiber optic underground infrastructure requires significant capital investment, which may pose a challenge in financing the said infrastructure.

The Company's projects and the continued maintenance and improvement of its existing infrastructure are capital intensive, and thus require significant capital resources. The Company's ability to finance its capital expenditure plans for its broadband business is subject to several risks, contingencies and other factors, some of which are beyond the Company's control. To the extent that the Company's funding requirements exceed its financial resources, the Company may require additional debt or equity financing, the availability of which, may directly impact the Company's intended expenditures. Furthermore, as the Company's capital spending will be focused on expanding its Fiber-in-the-Air broadband and funding its planned Fiber Underground infrastructures in order to enhance its broadband capabilities, the availability of the required additional financing on acceptable terms, may affect the implementation of its planned projects. There can be no assurance that financing for new projects will be available or that its terms would be acceptable to the Company. If the Company cannot complete its development programs or other capital projects on time due to its failure to obtain the required financing, its growth, result of operations, financial condition and prospects could be materially and adversely affected.

The Company intends to continue to manage its finances properly and effectively to ensure positive net income and cashflows, and good credit standing, for the Company to have better options to meet its financing needs.

The Company is exposed to cyber security risks.

The Company's continued dependence on the latest internet technologies in conducting its business operation exposes its broadband business to risk associated with cyber incidents. Cyber security incidents may range from unintentional events to deliberate attacks such as data corruption and unauthorized access to sensitive data, among others. If the Company fails to timely and effectively prevent the occurrence or rectify the results of any such cyber security incidents, the Company's business could be significantly disrupted and the Company's reputation as a broadband and value-added service provider may be negatively affected. Although the Company maintains system defenses to prevent the occurrence of cyber security incidents, there is no assurance that any of such defenses will be effective against or neutralize the effects of any cyber incidents resulting from unintentional cyber security breaches or deliberate attacks on the Company's IT and computer systems.

The Company implements cyber security counter measures such as setting up firewalls, updating of their operating system and software, and regularly checking on its ports and logs for any intrusive attacks. The Company has integrated cyber risk management into its day to day operations. The Company is prepared to respond to possible cyber incidents, restore normal operations and ensure that the Company's assets and reputation are protected. Moreover, the Company, through its subsidiary i-Resource, has deployed IT knowledge professionals such as network engineers to various corporations to handle mission critical areas such as network administration and firewall implementation in order to protect the clients' system from potential cyber attack. As of the date of this Prospectus, the Company has not experienced cyber incidents which, individually or in the aggregate, resulted in material impact on its operations or financial condition.

The Company is dependent on its senior management and other key officers.

The Company's future performance depends to a significant degree upon the continued service of its senior management team and other key officers. The Company has, and will continue to be, dependent on the expertise and experience of its senior management and other key employees for the success of its business. The Company's senior management and key officers possess deep industry knowledge, expertise, and significant experience in the telecommunications media and information technology industry. Thus, the loss of services of any member of the senior management team and key officers may adversely affect the Company's ability to operate successfully resulting in a decrease in its operating efficiency. In addition, the Company may be unable to replace the knowledge, expertise and leadership skills of the departing member of senior management.

To mitigate this risk, the Company has adopted a business continuity plan by identifying the members of the management team who will be able to assume and take on the role and additional responsibilities arising from such departure. The Company conducts regular assessment and evaluation of its personnel to help determine its future leaders.

The Company operates in a regulated environment.

The Company is regulated by the NTC due to its broadband and value-added services. The introduction of changes in laws or the inconsistent or unpredictable application of laws, rules, or regulations from time to time, may materially affect the business operations and financial condition of the Company. In addition, the failure on the part of the Company to comply with the requirements, conditions, and limitations imposed by any other government regulatory bodies pursuant to valid laws, rules or regulations may lead to the suspension or revocation of its permits and licenses to conduct its business.

Moreover, NOW Telecom to which the Company interconnects its network to provide broadband and value-added services to its clients, as well as Newsnet, which is a Cable TV service provider, are also subject to various laws, rules and regulations. Any violation of laws, rules or regulations on the part of NOW Telecom and Newsnet may lead to the suspension or revocation of their permits, licenses and franchise to operate as a telecommunications carrier and Cable TV service provider, respectively. Any failure on the part of the Company, NOW Telecom and Newsnet to comply with applicable laws, rules and regulations, or to rectify violations may have material adverse effect on the Company's business, financial condition or results of operation.

The Company endeavors to mitigate any regulatory risk by keeping itself updated on the latest governmental regulations, laws and rules that may affect its business operations. The Company also ensures that it obtains or exert reasonable efforts to obtain all regulatory licenses and permits for its business.

The Company is a party to a number of related party transactions.

The companies owned and/or controlled by the Company or its majority shareholders have a number of commercial transactions with the Company for the past years. These related party transactions primarily consist of agreements with NOW Telecom, EII, Velarde Inc., Porteon SEA, Inc., Newsnet, and GHT.

The transactions referred to above are described under "Related Party Transactions". The Company expects that it will continue to enter into transactions with some of these companies directly or indirectly controlled by or associated with the Company's majority shareholders.

These transactions may involve potential conflicts of interest which could be detrimental to the Company and/or its shareholders. Conflicts of interest may also arise between the Company and its majority shareholders in a number of other areas relating to its businesses, including:

- Major business combinations involving the Company and/or its affiliates;
- Plans to develop the respective businesses of the Company and/or its affiliates; and
- Business opportunities that may be attractive to the Company and its majority shareholders.

The Company can not provide assurance that its related-party transactions will not have a material adverse effect on its business or results of operations.

To mitigate this risk, the Company enters into related-party transactions at an arms-length basis. The Company also ensures that it makes proper and regular disclosures as a listed company, particularly, its related party transactions.

The Company works with various partners for some of its projects whose interests may differ from the interest of the Company.

The Company is engaged in joint projects with various partners, such as NOW Telecom and Newsnet. The Company may continue to partner with other companies for its future projects and undertakings.

These joint project partners may have economic or business interests that differ from the Company, and potential conflicts with said project partners may adversely affect the Company's business. For example, a joint project with Newsnet allows the Company to offer cable TV services bundled with wireless broadband internet. Offering such bundled service will not be possible without Newsnet's cooperation. Conflicts with its partners could have a material adverse effect on the Company's business, financial condition and the results of its operations.

To manage this risk, the Company ensures that it conducts due diligence on its current and potential business partners.

The Company is dependent on the growth and success of its broadband business.

The Company intends to maintain its three business segments namely, Software Licenses and Services, IT Manpower and Resource Augmentation, and Broadband and Wireless Cable TV Service. However, for the next years, the Company intends to focus on the growth of its Broadband and Wireless Cable TV Service. The Company is currently raising funds to expand its in Fiber-in-the-Air technology in order to increase its broadband coverage and in fiber optic technology to increase its bandwidth capacity. However, said investments may have less growth potential than what the Company anticipates. There can be no assurance that these technologies will become profitable at the level the Company desires, or that it will be profitable at all. Should the Company fail to execute its planned investments on a timely or cost-effective basis, the Company may not be able to successfully achieve its growth prospects, or there could be a delay in achieving the same. In such an event, the Company may experience limited growth and reduction of profitability which in turn may affect its financial condition and business operations.

To manage this risk, the Company has set up an annual business planning activity that is aimed at making the Company competitive and marketable. The Company also continuously upgrades its management skills, invests in research and development, and forges partnerships with other telecommunications media and information technology companies to boost the Company's capacity to compete in, and to deliver quality services in the market. Furthermore, the Company strives to look out for new value-added services that it can bundle with its broadband service in order to make its service offerings more relevant and attractive to the market.

Mass media is broadly defined under current rules and regulations and the Company is exposed to risks associated with its partnership with Newsnet for its bundled services.

Under the Philippine Constitution, the ownership and management of mass media shall be limited to citizens of the Philippines, or to corporations, cooperatives or associations, wholly-owned and managed by such citizens.[4] Mass media is defined as any medium of communication designed to reach the masses and that tends to set the standards, ideals and aims of the masses.

The Company provides bundled services to its customers through its partnership with Newsnet. The bundled services include providing its subscribers access to NowPlanet.TV, a website owned and operated by Newsnet, which allows subscribers access to free television and web channels, as well as stream high definition videos and movies, provided by Newsnet. Newsnet owns and operates the hardware used for the transmission of the free television, web channels, network games, and stream and download of videos and movies, as well as the transmission equipment, such as the antennas and servers, which receive and transmit content. In light of the recent SEC Opinions which have opined that the internet and mobile technology is a possible platform for mass media, there is a risk that the Company, by virtue of its partnership with Newsnet and its provision of the bundled services, may be construed to be engaging in mass media activities.

[4] Article XVI, Section 11(a), 1987 Philippine Constitution.

A finding that the Company is engaged in mass media activities through its partnership with Newsnet may have an adverse effect on its business, financial condition and results of operations. The Company, however, believes that any adverse effect of such finding to its business will not materially impact the Company's ability to conduct its business or significantly affect its ability to continue its operations given that the bundled service is an add-on service to its customers and does not affect its ability to offer its own products and services.

In the event that the Company become subject of such finding, the Company will defend its position and if needed, will disengage from its partnership with Newsnet and the provision of such bundled service.

B. Risk Factors on Software Licenses and Services

The Company's Software Licenses and Services business segment is technology-driven. Thus, its success relies heavily on the Company's ability to innovate and upgrade its products and services.

The IT industry is a very dynamic and competitive industry characterized by rapid technological changes, evolving industry standards, business models and discipline, changing client preferences, a changing market landscape and rapid introduction of new products and services. The Company's ability to maintain and improve its profitability depends significantly on its ability to learn and cope with new technologies, adapt to changes to meet clients' demands, innovate and develop solutions to adapt to new technological advances that are relevant to the industries it serves. The Company's failure to keep up with new technological changes can have an adverse effect on its capability to maintain its profitability.

To manage this risk, the Company intends to invest on research and development to continuously develop, improve and enhance its service offerings. The Company also intends to undertake constant training and development of its existing manpower's sales and technical skills to ensure that its manpower complement is updated in terms of new technologies.

The success of the Company's Software Licenses and Services business segment depends on its ability to maintain relationships and obligations with existing clients.

The Company has accounts with a number of its clients for the provision of IBM software and licenses services. These agreements are either for a fixed or open-ended term, some of which are typically supplemented by service or work orders indicating the details of the specific service required. While the Company has maintained long-standing relationships with its clients, there is no assurance that these relationships will continue, or that its clients will engage the Company's services in the future in view of the absence of a provision on contract renewals and due to presence of a provision on termination with or without cause. Thus, there is no assurance that the Company will not suffer cancellation from its existing clients. The Company's business, financial condition and results of operations may be adversely affected if it is unable to maintain good relationships with its clients.

The Company believes that its reputation and track record allow it to secure and maintain its clients for its Software Licenses and Services business segment. Thus, the Company is continuously improving its business operations and product offerings to maintain its reputation and track record in the IT industry. In addition, the Company ensures that each client is satisfied with its services by providing them with the latest version of its software licenses, holding regular learning workshop sessions on new and upcoming updates on the software licenses that they have availed, and by providing them with regular maintenance check.

While IBM has hailed the Company as its leading partner in the Philippines, the Company's Software Licenses and Services business segment is not novel in the industry.

The Company has partnered with IBM for more than ten years to deliver quality software programs and installations to its current roster of clients. The Company derives a significant portion of its revenue from its Software Licenses and Services business segment. In 2015, the Company's revenues from this segment amounted to 41.52%.

Although the Company has been the trusted partner of IBM and was hailed as one of its leading partners in the Philippines, said partnership is non-exclusive. Considering that there are other authorized resellers of IBM tools and products in the country, there is a risk to the Company's current revenue stream in the event that competition in the IT industry intensifies. Moreover, as the services rendered by the Company are not exactly unique in the industry, developments in the IT industry particularly in the tools and products used by enterprises pose a risk to the Company's profitability.

Nonetheless, the Company has been categorized as a Premier Business Partner of IBM, which demonstrates its superior skills and market success. The Company also intends to continuously pursue new technologies and forge business partnerships with global companies to remain competitive.

The Company heavily relies on one supplier for its Software Licenses and Services business segment.

The Company sources most of its products and service offerings from its partner IBM for the re-distribution of the latter's products and services. As such, the Company's core business is currently heavily reliant on one supplier to further continue and maintain its revenue generation. Since the Company's partnership with IBM is not exclusive, there is no assurance that IBM would continue to supply the Company with its products and services, or continue its partnership with the Company for the provision of IBM tools and services. In such an event, the Company's revenues may be adversely affected since a large portion of its revenues is derived from its Software Licenses and Services segment.

The Company has been a partner of IBM since 2010. In 2014 and 2015, the Company was hailed as the number one business partner for Software Licenses and Services in the Philippines by IBM. The Company believes that it has maintained a good relationship with IBM and will continue to offer its services to the public moving forward. In addition, the Company intends to diversify its Software License and Services segment. As of the date of this Prospectus, the Company is in the process of forging new partnerships with other global IT firms to expand its service portfolio.

The Company derives most of its revenues from the sale of IBM Software Licenses and the service fees it generates from the installation and maintenance of these software programs.

One of the core businesses of the Company is the distribution of IBM software licenses to different business enterprises it caters. The Company derives its revenues from the sale of these licenses and yearly renewal of these software programs at a margin. However, these transactions are considered one-time transactions as they are limited to the installation of the IBM software. Thus, there is no assurance that the Company's existing clients will continue to procure these licenses from the Company, as there are other existing distributors in the industry.

Apart from software licenses renewal, the Company includes technical services for every renewal contract. Technical services ranges from preventive maintenance, network administrator support, and other technical services related to the software licenses that was provisioned to the client. This is carried out by the Company's in-house service delivery team.

<u>C. Risk Factors on IT Manpower Augmentation Business</u>

i-Resource is exposed to potential claims and lawsuits due to deployment of personnel.

i-Resource is exposed to possible claims and lawsuits due to deployment of personnel based on its contracts with its clients. These personnel are on contractual terms and are considered to be its direct employees. This arrangement creates a tripartite relationship, which involves the following parties: the principal or the client who engages i-Resource to provide manpower services; the contractor or i-Resource who supplies the manpower services to the client, and the contractual employee or personnel who is deployed to the client for the specific job or project.

As the main employer, the contractor is held directly liable for wages of its employees, any violations of the Labor Code, or other claims arising from employment. In certain instances, the principal may be held indirectly liable for non-payment of wages to employees and/or violation of the Labor Code by the contractor. However, the principal may ask for reimbursement from the contractor.

Furthermore, i-Resource contractually undertakes to be responsible and liable for any claims for personal injury, wages, salaries, benefits, or any violation of the Labor Code, and other claims for damages including death, of either the personnel deployed or to a third party, whether or not such injury or death arose out of, or in the course of, or in any way in connection with the performance of i-Resource's personnel's duties. There is a risk that i-Resource will be sued and/or be held liable for such claims, which may entail spending time and financial resources. As the Company's wholly-owned subsidiary, any financial and reputational damage to i-Resource, may have material adverse effect on the Company's business.

The IT Manpower Augmentation industry is highly regulated by the DOLE.

The IT Manpower Augmentation business segment of the Group requires i-Resource and i-Professional to obtain various licenses from the DOLE for them to operate. These licenses include the license for private recruitment agency and placement agency for the recruitment outsourcing segment, and certificate of registration under DOLE Department Order No. 174, series of 2017 (which superseded DOLE Department Order No. 18-A), which are valid for one (1) year, and two (2) years, respectively.

As of the date of this Prospectus, i-Resource has a valid and existing certificate of registration under DOLE Department Order No. 174, series of 2017, while i-Professional has a valid and existing license to operate a private recruitment and placement agency.

Since the industry is highly regulated by the DOLE, there is no assurance that i-Resource and i-Professional will be able to comply with the requirements of DOLE. Failure to secure or renew the required licenses may affect existing contracts, leading to interruption and termination of the IT Manpower augmentation business operations of the Group.

Furthermore, any changes in labor laws and regulations could result in the Company having to incur substantial additional costs to comply with the new laws and regulations. The occurrence of any of these events could be disruptive to the operations of the Company and materially and adversely affect its business, financial condition and results of its operations.

The Company endeavors to mitigate any regulatory risk by keeping itself updated on the latest governmental regulations, laws and rules that may affect its business operations. The Company also ensures that it obtains or exert reasonable efforts to obtain all regulatory licenses and permits for its business.

RISKS RELATING TO THE PHILIPPINES, GOVERNMENT REGULATIONS AND ECONOMIC FACTORS

The Company's business operations may be affected by any political and military instability in the Philippines.

The Philippines has from time to time experienced political and military instability. The Philippine Constitution provides that in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately owned public utility or business.

More recently, the international press has focused on the Philippines' war on illegal drugs which has resulted in more than 1,000 alleged drug dealers and users killed in police operations and more than 1,300 drug dealers and drug users killed by supposed vigilantes. These drug-related killings have been subject to legislative inquiries. As a result of the legislative inquiries, the Senate Committees on Justice and Human Rights and on Public Order and Dangerous Drugs released a joint Committee Report No. 18 on December 7, 2016, on raising standards of accountability while expressing support for the war against illegal drugs and criminality within boundaries of the law.

There is no assurance that the political environment in the Philippines will remain stable. Political instability in the Philippines could negatively affect the general economic conditions in the Philippines which could have a material impact on the financial results of the Company.

The occurrence of natural calamities could materially affect the operations of the Company.

The Philippines is frequently visited by strong typhoons, the latest being typhoon Maring, which resulted in several casualties and severe flooding in Metro Manila. The country has also previously experienced other natural calamities such as flash floods, earthquakes and volcanic eruptions. There can be no assurance that the occurrence of such natural catastrophes or calamities will not materially disrupt the Company's operations. These factors, which are not within the Company's control, could potentially have significant effects on the operations of the Company.

Terrorist activities and high-profile violent crime in the Philippines may destabilize the country, adversely affecting its business environment.

The Philippines has been subject to terrorist attacks and conflict between the Philippine army and terrorist organizations in certain parts of Southern Philippines in the last five (5) years. In its Country Reports on Terrorism 2014, the US State Department has identified the Abu Sayyaf Group ("ASG"), Jemaah Islamiyah, and Communist Party of the Philippines-New People's Army as among the Foreign Terrorist Organizations operating in the Philippines.

In January 2015, a clash took place in Mamasapano in Maguindanao province between the Special Action Force ("SAF") of the Philippine National Police and the Bangsamoro Islamic Freedom Fighters ("BIFF") and the Moro Islamic Liberation Front ("MILF"), which led to the deaths of 44 members of the SAF, MILF, BIFF, and several civilians. In April 2016, another gun battle took place in Basilan Mindanao, between the government troops and the ASG resulting in casualties.

On September 2, 2016 an explosion rocked a night market in Davao City, leading to the death of at least 14 people and injuries to over 60 people. As a result of the bombing, President Duterte has declared a state of lawlessness in the country indefinitely. On December 28, 2016 two explosions occurred during a town fiesta in Hilongos, Leyte, leaving at least 34 people injured.

On May 23, 2017, a firefight between the government troops and the Maute group took place in Barangay Malutlut, Marawi City after a joint operation of the Armed Forces of the Philippines and Philippine National Police was launched in Marawi City to capture terrorist leader Isnilon Hapilon. Hapilon is believed to be the Islamic State's ("ISIS") leader in Southeast Asia. President Duterte declared martial law in Mindanao, citing the attack as possibly rebellion. Intense military operations ensued to hunt down terrorist rebels, which resulted in casualities of 847 Maute fighters, 163 government troops and 47 civilians. A total of 359,680 people in Marawi have been displaced. On October 17, 2017, President Duterte declared the liberation of Marawi. On October 23, 2017, Defense Secretary Delfin Lorenzana announced the termination of all combat operations in Marawi.[5] Martial law has been extended by the Philippine Congress until December 31, 2018.[6]

As such, any such destabilization and any other incidents of political or military instability may adversely affect the Company's business, financial condition and results of operations.

Territorial disputes involving the Philippine may adversely affect its economy and business environment.

The long standing territorial dispute of the Philippines, Vietnam and several Southeast Asian nations with China over certain territories in the West Philippine Sea, also known as the South China Sea may affect political conditions and increase tensions.

Just recently, the Permanent Court of Arbitration under the United Nations has issued its decision on the arbitration case involving China and the Philippines, wherein it declared that the Philippines has exclusive sovereign rights over the West Philippine Sea (in the South China Sea) and that China's "nine-dash line" is invalid". It further concluded that there was no legal basis for China to claim historic rights to resources within the sea areas falling within the nine-dash line. Although the verdict has been issued, there is no assurance that territorial dispute between the Philippines and other countries, including China, would end or that any existing tension will not escalate, as China has repeatedly announced that it will not honor said ruling. In such an event, the Philippine economy may be disrupted and its business and financial standing may be adversely affected. Moreover, further disputes between the Philippines and other countries may lead to reciprocal trade restrictions on the other's import, which could directly impact the Company's importation from China. Any impact from these disputes in countries in which the Company has operations could materially and adversely affect the Company's business, financial condition and results of operations.

5 Timeline: The Marawi Crisis, CNN Philippines, *available at:* http://cnnphilippines.com/news/2017/05/24/marawi-crisis-timeline.html (last accessed 27 November 2017).

6 http://congress.gov.ph/photojournal/zoom.php?photoid=1383

Corporate governance and disclosure standards in the Philippines may be less stringent than those in other countries.

There may be less publicly available information about Philippine public companies than that which is regularly made available by public companies in certain other countries. The SEC and PSE requirements with respect to corporate governance standards may also be less stringent than those applicable in certain other jurisdictions.

On November 22, 2016, the SEC issued SEC Memorandum Circular No. 19 approving the Code of Corporate Governance for Publicly-Listed Companies ("CG Code for PLCs") to promote the development of a strong corporate culture and keep abreast with recent developments in corporate governance. Under the CG Code for PLCs, the SEC recommends publicly listed companies to have at least three independent directors, or such number as to constitute at least one-third of the members of the board, whichever is higher. As of the date of this Prospectus, the Company has three independent directors. In addition to this, all publicly-listed companies are required to submit a new Manual on Corporate Governance to the SEC on or before May 31, 2017. The CG Code for PLCs took effect on January 1, 2017. The principles and recommendations in the new CG code for PLCs are yet to be fulfilled, and its impact to be felt, by publicly listed companies.

The sovereign credit ratings of the Philippines may adversely affect the Company's business.

Historically, the Philippines' sovereign debt has been rated relatively low by international credit rating agencies. While the Philippines' long-term foreign currency-denominated debt was recently upgraded by each of Standard & Poor's, Fitch Ratings and Moody's to investment-grade, there is no assurance that Standard & Poor's, Fitch Ratings or Moody's or any other international credit rating agency will not downgrade the credit ratings of the Government in the future and, therefore, Philippine companies, including the Company. Any such downgrade could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including the Company, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available.

Economic conditions in the Philippines may adversely affect the Company's business and operation in the Philippines.

The results of operations of the Company depend to a large extent, on the performance of the Philippine economy. The Philippines has historically experienced periods of slow or negative growth, high inflation, significant depreciation of the peso and the imposition of exchange controls. As the Company's growth prospects largely depends on the growth of businesses which serve as its clients, uneven rates of economic growth may have an indirect impact on the Company's business and operations.

The Company's future growth will likewise depend on whether the Philippine economy can maintain a consistent growth rate. There can be no assurance that growth in Philippine economy will necessarily translate into an increase in demand for the Company's products and services. Furthermore, there can be no guarantee that current or future Governments will adopt economic policies conducive to sustaining growth in the Philippines.

There can also be no assurance that an economic slowdown in the Philippines will not recur. Factors that may adversely affect the Philippine economy include but is not limited to the following: general political, economic and business conditions, regulatory environment and government issuances, and changes to local and national regulations that directly impact the industry where the Company belongs.

Increase in regulations, introduction of new laws, change in existing law or interpretation thereof as well as changes initiated by the new Government with respect to economic or regulatory policies, and national regulations and legislations could have an adverse effect on the Company's business operations.

The Philippine Competition Act went into effect last August 5, 2015. This law created the PCC which regulates, among others, the conduct of business entities in the market as well as mergers and acquisitions. The law prohibits price fixing and bid rigging between or among competitors in the market. It also prohibits abuse of dominant position by market players, dominance being presumed by law if an enterprise has at least 50% percent of the relevant geographic or product market. The law also prohibits mergers and acquisitions that substantially prevents, restricts or lessens competition in the market. The law mandates compulsory notification to the PCC if the transaction value exceeds ₱1 billion and failure to comply with this requirement will make the transaction void in addition to an administrative fine ranging from 1% to 5% of the value of the transaction.

Under PCC Memorandum Circular No. 18-001 dated March 1, 2018, the PCC raised the threshold for compulsory notification to ₱2 billion from ₱1 billion.

Penalties for violation of the law consist of administrative fines which can be as high as ₱100 million for the first offense and ₱250 million for the second offense. The law also grants private parties who suffer damages as a result of the violation the right to file an action for damages against the guilty parties. The new law subjects violation of the provisions on price fixing and bid rigging between and among competitors to criminal liabilities in addition to the administrative and civil liabilities provided thereunder.

Furthermore, the law creating the DICT came into effect on June 9, 2016. Under the said law, DICT was mandated to ensure innovations in information and communications technology that would prove beneficial for the Filipino people. The DICT will also be mandated to ensure the application of ICT to various processes and functions of the government in order to improve the productivity of national and local government program.

The TRAIN Law or Republic Act No. 10963 was signed into law by President Rodrigo Duterte on December 19, 2017.[7] It became effective on 01 January 2018. Under the said law, the sale of shares of stock listed and traded through the local stock exchange shall now be taxed at 6/10 of 1% of the gross trade amount. Individual holders of the Offer Shares will have to shoulder the added cost and may suffer diminution of expected returns on their investment.

As the Company's operations are concentrated in the Philippines, any unexpected policy changes or issuance of new legislations and regulations which directly impact the Company's business, could negatively affect the Company's prospects and financial condition.

RISKS RELATING TO THE OFFER SHARES

There is no assurance that the Offer Shares will be listed on the PSE.

Purchasers of Offer Shares are required to pay the Offer Price of the Offer Shares so subscribed upon submission of their Applications during the Offer Period. There is no assurance that listing will occur on the anticipated Listing Date or that listing will occur at all. Delays in the admission and the commencement of trading in shares on the PSE have occurred in the past. If the PSE does not approve the listing application, or the listing does not occur, the market for the Offer Shares will be illiquid and shareholders might not be able to trade the Offer Shares. This may adversely affect the value of the Offer Shares.

There may be a limited market for the Offer Shares which may affect liquidity and the price of the Offer Shares.

The Common Shares shall be listed on the PSE. Trading volumes on the PSE have historically been significantly smaller than on major securities markets in more developed countries and have also been highly volatile. As there may be limited liquidity in the Offer Shares, there can be no assurance that an active market for the Offer Shares will develop following the Offer or, if developed, that such market will be sustained. The lack of active market may affect the value of the Offer Shares and the ability of the investors to sell such shares when they wish. Moreover, a sluggish market may affect the ability of the Company to raise funds by issuance of shares for future expansion, additional business pursuits or general financing requirements.

The market price of the Offer Shares may be volatile, which could cause the value of investors' investments in the Company to decline.

The market price of securities can and does fluctuate, and it is impossible to predict whether the price of the Offer Shares will rise or fall or even lose all of its value. The market price of Offer Shares could be affected by several factors, including:

- general market, political and economic conditions;

[7] https://pcoo.gov.ph/news_releases/train-reduce-income-tax-burden-filipinos/

- changes in earnings estimates and recommendations by financial analysts;
- changes in market valuations of listed shares in general and other retail shares in particular;
- the market value of the assets of the Company;
- changes to Government policy, legislation or regulations; and
- general operational and business risks (including, but not limited to, technological innovations by the Company's primary competitors).

In addition, many of the risks described elsewhere in this Prospectus could materially and adversely affect the market price of the Offer Shares.

In part as a result of the global economic downturn, the global equity markets have experienced price and volume volatility that has affected the share prices of many companies. Share prices for many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. Fluctuations such as these may adversely affect the market price of the Offer Shares.

Future sales of additional shares in the public market, full conversion of the Offer Shares into common shares, as well as full exercise of the Warrants could adversely affect the prevailing market price of the Company's shares and shareholders may experience dilution in their holdings.

In order to finance the expansion of the Company's business and operations, the Board will consider the funding options available to them at the time, which may include the sale or issuance of new shares (whether preferred or common) to the extent available. The Offer Shares have convertibility feature which allows its holders to convert to common shares subject to the terms and schedule of the Offer. Furthermore, the Offer Shares have detachable Warrants attached to them, which allow the holders thereof to purchase additional common shares in the Company during the Exercise Period, subject to the terms and schedule of the Offer.

If additional funds are raised through the sale or issuance of new equity or equity-linked securities by the Company other than on a *pro rata* basis to existing shareholders, or if holders of the Offer Shares will fully convert their shareholdings to common shares, or if the holders of the Warrants will fully exercise their right to purchase additional common shares in the Company, the percentage ownership of the existing shareholders may be reduced, shareholders may experience subsequent dilution and/or such securities may have rights, preferences and privileges senior to those of the Offer Shares. Furthermore, the market price of the shares may decline as a result of future sales of substantial amounts of common shares in the public market or the issuance of new shares, or the perception that such sales, transfers or issuances may occur. This could also materially and adversely affect the prevailing market price of the Company's shares or the Company's ability to raise capital in the future at a time and at a price it deems appropriate.

Future changes in the currency exchange rates, resulting in the changes in the value of the Philippine Peso against the U.S. dollar will affect the foreign currency equivalent of the value of the Offer Shares.

The price of the Offer Shares is denominated in Philippine Pesos. Fluctuations in the exchange rate between the Peso and other currencies will affect the foreign currency equivalent of the Peso price of the Offer Shares on the PSE. Such fluctuations will also affect the amount in foreign currency received upon conversion of cash dividends or other distributions paid in Pesos by the Company on, and the Peso proceeds received from any sales of, the Offer Shares, as well as the book value of foreign currency assets, and income and expenses and cash flows in the Company's consolidated financial statements.

The Company may be unable to pay dividends on the Offer Shares.

While the Company intends to declare dividends on the Offer Shares, subject to available cash and after setting aside any capital expenditure requirements as may be allowed pursuant to applicable laws, regulations and restrictions, there is no assurance that the Company can or will be able to declare dividends on the Offer Shares in the future. Future dividends, if any, will depend on the discretion of the Board, the Company's future results of operations and general financial condition, capital requirements, foreign exchange rates, legal, regulatory and contractual restrictions, loan obligations and loan covenants, and other factors the Board may deem relevant.

The Company currently has an accumulated deficit which affects the Company's ability to declare dividends on the Offer Shares. The Company intends to undergo an equity restructuring whereby the additional paid in capital created from the offer will be used to wipe out the capital deficit. The equity restructuring is subject to the approval of the Board of Directors of the Company. The Company intends to file an application with the SEC for the equity restructuring after the Offer. However, there is no assurance that the SEC will approve the equity restructuring. See discussion on "Dividends and Dividend Policy" and "Use of Proceeds" in this Prospectus.

A Board approval is needed for the declaration of cash dividends. There must be unrestricted retained earnings to support any dividend declaration. See discussion on "Dividends and Dividend Policy" in this Prospectus.

RISKS RELATING TO THE PRESENTATION OF INFORMATION IN THIS PROSPECTUS

Certain information contained herein is derived from unofficial publications.

Certain information in this Prospectus relating to the Philippines, the industries in which the Company competes and the markets in which it operates, including statistics relating to market size, are derived from various Government and private publications. This Prospectus also contains industry information which was prepared from available public sources, including internet articles, in which the Company's business operates. Industry forecasts and other market research data, including those contained or extracted herein, have not been independently verified by the Company nor the Issue Manager, Bookrunner and Underwriter, nor any of their respective affiliates or advisors, and may not be accurate, complete, up to date or consistent with the other information compiled within or outside the Philippines. In particular, the section entitled "Industry" in this Prospectus does not present the opinions of the Issue Manager, Bookrunner and Underwriter, nor any of their respective affiliates or advisors.

EXCHANGE RATES

Fluctuations in exchange rates will affect the following: (1) equivalent price in US dollar and such other foreign currencies of the Philippine Peso price of the Offer Shares on the PSE; (2) dividends distributed in Philippine Peso by the Company, if any; and (3) the Philippine Peso proceeds received by investors on a sale of the Offer Shares on the PSE, if any. Fluctuations in exchange rates will also affect the Philippine Peso value of the Company's revenues, earnings, assets and liabilities which are denominated in currencies other than Philippine Peso, if any.

The PDS, a computer network supervised by the BSP, through which the members of the Bankers Association of the Philippines effect spot and forward currency exchange transactions, was introduced in 1992. The PDS was adopted by the BSP as a means to monitor foreign exchange rates. The PDS Rate is the average rate for the purchase of US dollars with Philippine Pesos which is quoted by the PDS and published in the BSP's Reference Exchange Rate Bulletin and in the major Philippine financial press on the following business day. On December 31, 2017, the PDS Rate was ₱49.92 = US$1.00.

The following table sets out certain information concerning the PDS Rate between the Philippine Peso and the US dollar for the periods and dates indicated, expressed in Philippine Peso per US$1.00:

	Peso per US dollar exchange rate			
Year	**Period end**	**Average[(1)]**	**High[(2)]**	**Low[(3)]**
2013	44.41	42.45	43.86	40.67
2014	44.61	44.40	44.95	43.47
2015	47.16	45.49	47.44	44.05
2016	49.81	47.49	49.98	45.92
2017	49.92	50.40	51.80	49.40
2018				
January	51.42	50.51	51.42	49.77
February	52.03	51.79	52.35	51.21
March	52.21	52.07	52.34	51.86

Source: Reference Exchange Rate Bulletin, Treasury Department of the BSP.

Notes:
(1) Weighted average rate under the PDS.
(2) Highest daily closing exchange rate for the period.
(3) Lowest daily closing exchange rate for the period.

DIVIDENDS AND DIVIDEND POLICY

The Company is authorized to declare dividends only from its unrestricted retained earnings, and may not declare dividends which will impair its capital. The Company may pay dividends in cash, by the distribution of property, or by the issuance of shares, or a combination thereof. A Board approval is needed for the declaration of cash and property dividends. Stock dividends may be declared and distributed only upon the approval of the shareholders representing at least two-thirds (2/3) of the outstanding capital stock at a meeting called for that purpose.

As of the date of this Prospectus, the Company and its subsidiaries have no defined dividend policy, as such, the Company shall pay dividends depending on its current profitability and liquidity requirements. The amount of dividend declaration annually by the Company depend on the net income, cash availability and the investment projects as approved by the Board of Directors of the Company and each of the subsidiaries. Nevertheless, the Company and its subsidiaries, in declaring and paying dividends, will also take into consideration the interests of its shareholders, their working capital, capital expenditures, debt servicing requirements as well as provisions of the Tax Code and the Corporation Code.

The Offer is expected to create an additional paid-in capital in the amount of ₱ 99.00 per preferred “A” share issued. The amount of the additional paid-in capital will result from the difference between the Offer Price of the Offer Shares (₱100.00 per share) and the par value of the Offer Shares (₱1.00 per share). Any deficit which may be currently impairing the ability of the Company to declare and pay dividends is intended to be wiped out in the books of the Company by using the additional paid in capital to wipe out the capital deficit, without impairing the Company’s ability to use the proceeds for the purposes disclosed in this Prospectus. The above-described equity restructuring, however, is not automatic, and approval by the SEC must first be secured in order to carry it out. Once approved by the SEC, the Company can resume paying dividends from future cash flows, which is no longer need to eliminate the retained earnings debit balance.

The Corporation Code defines “outstanding capital stock” as the total shares of stock issued, whether paid in full or not, except treasury shares.

The Corporation Code generally requires a corporation with surplus profits in excess of 100% of its paid-in capital to declare and distribute such surplus to its shareholders in the form of dividends. A corporation, however, may retain all or any portion of such surplus if so appropriated, restricted or required to be retained, such as: (1) when its board of directors appropriates the surplus for corporate expansion projects or programs; or (2) when the corporation is covered by a restriction for dividend declaration under a loan agreement and the requirements under the loan agreement have not been complied with; or (3) when the retention of such surplus is necessary under special circumstances obtaining in the corporation such as when there is a need for a special reserve for probable contingencies.

In relation to foreign shareholders, dividends payable shall not be remitted using foreign exchange sourced from the Philippine banking system unless the investment was first registered with the BSP. See discussion on “Philippine Foreign Exchange Controls” in this Prospectus.

Record Date

Pursuant to existing SEC regulations, the record date of cash dividend declarations by listed companies must not be less than ten days and not more than thirty (30) days from the date the cash dividends are declared. Under such rules, if no record date is specified, the record date will be deemed fixed at fifteen (15) days from such declaration.

With respect to stock dividends, the record date must not be less than ten (10) days and not more than thirty (30) days from the date of the shareholder approval. If no record date is set, under SEC rules, the record date will be deemed fixed at fifteen (15) days from the date of the stock dividend declaration. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the SEC.

Under the Revised Disclosure Rules of the PSE, the disclosure by a listed company of the record date for dividend declarations must not be less than ten (10) trading days from said date.

Under the PSE rules, the payment date shall not be more than eighteen (18) trading days from the record date.

Under the Company's amended by-laws, for the purpose of determining the stockholders entitled to notice of, or to vote at, any meeting of stockholders or any adjournment thereof or to receive payment of any dividend, the Board of Directors may provide that the stock and transfer books be closed for such period as may be deemed advisable previous to such meeting.

Dividend History

For the past three (3) years, the Company has not declared any dividends.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth the consolidated capitalization of the Company as at December 31, 2017 and as adjusted to give effect to the Offer. This table should be read in conjunction with the Company's audited consolidated financial statements including notes thereto, included elsewhere in this Prospectus.

	Actual as of December 31, 2017	**As adjusted for maximum Issue Size of ₱1 Billion (Upon creation of Preferred "A" Shares)**
	(₱ in millions)	**(₱ in millions)**
Accounts Payable And Accrued Expenses	164.07	164.07
Due To Related Parties	151.45	151.45
Current Portion Of Loans Payable	0.10	0.10
Total Current Liabilities	315.62	315.62
Non Current Liabilities		
Loans Payable - Net of Current Portion	0.35	0.35
Total Non Current Liabilities	0.35	0.35
Total Liabilities	315.97	315.97
Capital Stock		
Issued And Outstanding - Common Shares	1,517.28	1,517.28
Issued and Outstanding – Preferred Share	0.00	10.00
Additional Paid-In Capital	0.00	938.60
Deposit For Future Stock Subscriptions	264.00	264.00
Cumulative Translation Adjustment	1.15	1.15
Equity Reserve	(1.98)	(1.98)
Deficit	(421.16)	(421.16)
Equity Attributable To Equity Holders Of The Parent	1,359.29	2,307.89
Non-Controlling Interest	(3.49)	(3.49)
Total Equity	1,355.81	2,304.4
Total Capitalization	1,671.78	2,620.37

Notes:
(1) Adjusted amount as of December 31, 2017 does not include applicable transaction costs and expenses. Adjusted amount as of December 31, 2017 includes net proceeds of ₱995.46 million (with oversubscription) of the Offer. The Company's actual recognition and measurement may vary upon the availability of other information necessary to account for the Offer Shares under PFRS.
(2) Total capitalization is the sum of total liabilities and equity.

USE OF PROCEEDS

The Company estimates that its net proceeds from the Offer based on the Offer Price of ₱100.00 per Offer Share will be approximately ₱471,047,693.75 without the Oversubscription Option, and ₱955,462,693.75 with the Oversubscription Option, after deducting the applicable underwriting fees, commissions and expenses of the Offer. The total gross proceeds to be raised by the Company from the sale of the Firm Shares will be ₱500,000,000.00 without the Oversubscription Option, and ₱1,000,000,000.00 with the Oversubscription Option.

The Company intends to use a majority of the net proceeds from the Offer partly to fund the capital expenditure for the expansion of the Fiber-in-the-Air, fiber optic network and for general corporate purposes.

Further details of the proposed use of net proceeds, based on an Offer Price of ₱100.00 per Offer Share, are as follows:

Proposed Use (in PhP)	Without Oversubscription	With Oversubscription	Percentage of Total Subscription	Proposed Timing of Disbursement
Net Proceeds From The Offer	**471,047,693.75**	**955,462,693.75**	100.0%	
Expansion Fiber-In-The-Air Broadband Network	379,874,000.00	379,874,000.00	39.8%	Q3 of 2018
General Corporate Purposes	91,173,693.75	75,588,693.75	7.90%	Q3 of 2018
Capacity Expansion Of The Fiber-In-The-Air Broadband Network	-	222,850,000.00	23.3%	Q4 2018/Q1 2019
Coverage Enhancement Of The Fiber-In-The-Air Broadband Network	-	213,900,000.00	22.4%	Q3 & Q4 2018
Customer Premise Equipment For The Fiber-In-The-Air Broadband Network	-	63,250,000.00	6.6%	Q3 of 2018
Total	**471,047,693.75**	**955,462,693.75**	**100.0%**	
Additional Paid-In Capital	**495,000,000.00**	**990,000,000.00**		
Convertibility Allocation	**20,000,000.00**	**40,000,000.00**		

Expansion of Fiber-in-the-Air broadband network

The Company intends to use ₱379.9 million to acquire assets for the expansion of the Fiber-in-the-Air broadband network consisting primarily of purchase of core network facilities, point-to-point and point-to-multi-point radios and the corresponding installation services. This segment also includes the Core Network Facility development and the purchase of Core Packet Network switches. The Company shall be purchasing the said assets from global telecom and technology suppliers. This additional funding shall expand the Company’s reach in order to connect more buildings at greater distances via radio antennas. Part of the use of the proceeds shall be devoted to the development of the Core Network Facility and the purchase of core network switches.

The Company expects that the expansion of its fiber-in-the-air broadband network will mainly cover partner buildings strategically located in the central business districts of Metro Manila which includes Makati, Ortigas Center in Pasig and Mandaluyong, Bonifacio Global City in Taguig, Quezon City, Manila, Pasay, and Alabang. In addition, the expansion of the Company’s fiber-in-the-air broadband network may also include areas where broadband being delivered via radio antenna is more economical. These areas include selected parts of North of Metro Manila such as Caloocan, Commonwealth, Valenzuela and selected parts of South of Metro Manila such as Las Pinas, Alabang, Laguna and Cavite.

To date, the expansion of its fiber-in-the-air broadband network, including the fundraising exercise, is ongoing. With regard to the permits and licenses of this project, the Company does not need any additional regulatory permit as it has already obtained the necessary permits in order to carry out the project. Since this is an expansion, the additional fiber-in-the-air and fiber optic network is a day-to-day activity. The only permit that the Company needs to secure in the regular course of its business is the permit to dig.

Below is a breakdown of the amount allocated to the expansion of fiber-in-the-air broadband network:

Q3 of 2018	₱271,299,000
Q4 of 2018	₱108,575,000
TOTAL	**₱379,874,000**

General corporate purposes

The Company intends to use **₱91,173,694** primarily to expand the Company's ability to support its day-to-day operations for the software licenses and services group, IT resource manpower, and broadband groups. This amount will be allocated to administrative, marketing, sales, and communication expenses.

Below is a breakdown of the amount allocated to general corporate purposes:

Q3 of 2018	₱51,828,818
Q4 of 2018	₱39,344,876
TOTAL	**₱91,173,694**

Administrative expenses shall include additional manpower that will be devoted to the day-to-day operations of the Company. This includes additional personnel for sales, marketing, finance, accounting, engineering and technical people. In addition, expenses to sales and marketing shall also be allocated in order to promote the products and services of the Company.

Use of Oversubscription Option Proceeds

In case the Oversubscription Option is exercised, the additional proceeds shall be used by the Company as follows.

Further Capacity Expansion of Fiber-in-the-Air Broadband Network

The Company intends to use ₱222,850,000 for the build-out of the 100Gbps Fiber Optic Cable Backbone Network in Metro Manila designed to address the expected increase in demand for capacity in the Fiber-in-the-Air Broadband Network. The build-out will consist of the laying of approximately 80 kilometers of Fiber Optic cable designed and equipped to initially handle 100Gbps of traffic. The backbone network will consist of 8 nodes with each node capable of providing 10Gbps and 1Gbps service drops. The build-out also includes the laying 120 kilometers of Fiber Access cable going to network hubs and building partners.

This build-out is designed mainly to reinforce the capacity for the fiber-in-the-air broadband network and will mainly cover partner buildings strategically located in the central business districts of Metro Manila which include Makati, Ortigas Center in Pasig and Mandaluyong, Bonifacio Global City in Taguig, Quezon City, Manila, Pasay, and Alabang. In addition, the capacity expansion of the Company's network will also include parts North of Metro Manila such as Caloocan, Commonwealth, Valenzuela and parts of South of Metro Manila such as Las Pinas, Alabang.

The Build-out of a 100Gbps Fiber Optic Cable Backbone Network in Metro Manila is slated for the 4th Quarter of 2018 and expected to be completed before the end of 1st Quarter of 2019. The breakdown of the use of funds under this item is as follows:

Q1 of 2018	₱	0
Q2 of 2018	₱	0
Q3 of 2018	₱	0
Q4 of 2018	₱	130,988,000
Q1 of 2019	₱	91,862,000
TOTAL	**₱**	**222,850,000**

Coverage Enhancement of Fiber-in-the-Air Broadband Network

The Company intends to use ₱213,900,00.00 for the additional build-out of hubs for the Fiber-in-the-Air Broadband Network in Metro Manila designed to enhance network coverage to deliver broadband service at near line of sight outdoor conditions. The build-out will consist of the building out of approximately 100 additional hubs designed primarily to intensify signal propagation in dense urban areas to allow broadband service delivery at near line of sight on outdoor conditions.

This enhancement in coverage for near line of sight will allow the Company to deliver not only fixed but also portable or nomadic broadband services; hence, widening the size of its target market.

The proposed additional build-out of hubs for Fiber-in-the-Air Broadband Network in Metro Manila is slated at the start of the 3rd Quarter of 2018 and expected to be completed before the end of 2018 though service is available as early as the 3rd Quarter of 2018. Purchase and delivery of equipment must be made by the 3rd Quarter of 2018. The breakdown of the use of funds under this item is as follows:

Q1 of 2018	₱	0
Q2 of 2018	₱	0
Q3 of 2018	₱	204,405,748
Q4 of 2018	₱	9,494,252
TOTAL	**₱**	**213,900,000**

Customer Premise Equipment for Fiber-in-the-Air Broadband Network

The Company intends to use ₱63,250,000 for the purchase of Customer Premise Equipment for Fiber-in-the-Air Broadband Network in Metro Manila. Majority of the Customer Premise Equipment that will be ordered are designed for delivery of high speed broadband service at near line of sight outdoor conditions. These Customer Premise Equipment have high spectral efficiency thus allowing high data throughput, and very good signal sensitivity and high transmit power allowing near line of sight conditions. This purchase is slated for the 3rd Quarter of 2018.

The estimated fees, commissions and expenses relating to the Offer are as follows:

	Firm Offer only	**Firm Offer + OS**
Estimated total proceeds from the Offer	**500,000,000**	**1,000,000,000**
Expenses:		
Underwriting and selling fees relating to the Offer	15,000,000.00	30,000,000.00
Documentary stamp tax	25,000.00	50,000.00
SEC Registration Filing Fee	1,008,125.00	1,008,125.00
SEC Legal Research Fee	9,581.25	9,581.25
Estimated professional fees	9,000,000.00	9,000,000.00
PSE listing fee (VAT inclusive) for Offer Shares (preferred “A” shares) (1/10 of 1% of the proceeds)	560,000.00	560,000.00
PSE listing fee (VAT inclusive) for Warrants	168,000.00	168,000.00
PSE processing fee (VAT inclusive) for Offer Shares (preferred “A” shares)	56,000.00	56,000.00
PSE processing fee (VAT inclusive) for underlying common shares to the Offer Shares, Warrants and Warrant Shares	33,600.00	33,600.00
Estimated other expenses**	3,092,000.00	3,092,000.00
Total expenses	28,952,306.25	43,977,306.25
Net proceeds from the Offer	**471,047,693.75**	**956,022,693.75**

The actual underwriting and selling fees and other Offer-related expenses may vary from the estimated amounts indicated above.

Other than the expansion of the fiber in the air network and expansion of the Company’s capacity for its fiber network which shall be covered by the Proceeds, the Company does not have any material commitments for capital expenditures or other major general expenses. To the extent that the net proceeds from the sale of Offer Shares are not immediately applied to the above purpose, the Company will invest the net proceeds in interest-bearing short term demand deposits and/or money market instruments.

The Company shall not reimburse any officer, director, employee or shareholder for service rendered nor assets previously transferred nor money loaned or advance.

If the expected gross proceeds are not realized, the Company will use its internally generated funds from operations and existing cash, existing credit lines, and other potential borrowings to finance the expected uses.

In the event of any material deviation or adjustment in the planned use of proceeds, the Company shall inform its shareholders, the SEC and the PSE in writing at least thirty (30) days before such deviation or adjustment is implemented. Furthermore, any material or substantial adjustments or reallocation of the use of proceeds, as indicated above, will be carefully evaluated and approved by the Company's Board of Directors taking into consideration the interests of the Company and the shareholders as a whole, and disclosed to the SEC and the PSE. In addition, the Company shall submit via the PSE EDGE the following disclosures to ensure transparency in the use of proceeds:

(i) any disbursements made in connection with the planned use of proceeds from the Offer;

(ii) quarterly progress report on the application of the proceeds from the Offer on or before the first fifteen (15) days of the following fiscal quarter;

(iii) annual summary of the application of the proceeds on or before January 31 of the following year, certified by the Company's Chief Financial Officer or treasurer and external auditor; and

(iv) approval by the Company's Board of Directors of any reallocation on the planned use of proceeds. The actual disbursement or implementation of such reallocation will be disclosed by the Company at least thirty (30) days prior to the said actual disbursement or implementation.

The Company shall submit an external auditor's certification on the accuracy of the information reported by the Company to the PSE in the Company's quarterly and annual reports as required in items (ii) and (iii) above.

Aside from underwriting and selling fees, the Issue Manager and Bookrunner will not receive any of the net proceeds from the Offer.

Creation of Additional Paid-in Capital to Wipe Out Deficit

The Offer is expected to create an additional paid-in capital in the amount of ₱99.00 per preferred "A" share issued. The amount of the additional paid-in capital will result from the difference between the Offer Price of the Offer Shares (₱100.00 per share) and the par value of the Offer Shares (₱1.00 per share). Any deficit which may be currently impairing the ability of the Company to declare and pay dividends is intended to be wiped out in the books of the Company by applying the additional paid in capital created by the Offer, subject to the approval of the SEC, without impairing the Company's ability to use the proceeds for the purposes disclosed in this Prospectus.

DETERMINATION OF OFFER PRICE

The Offer Price of ₱100.00 is at a premium to the par value of the Offer Shares, which is ₱1.00 per share. The Offer Price was arrived at by dividing the desired gross proceeds of ₱500,000,000.00 by the amount of Firm Shares allocated for the Offer.

In addition to the above, the Issuer and the Underwriter further considered the offer price of recent domestic preferred share issuances and a denomination that would allow investors to easily compute for the annual dividends on the Offer Shares.

Prior to the Offer, there has been no public market for the Offer Shares.

DILUTION

The Company's Offer Shares may have a dilutive effect on the rights of the holders of the common shares of the Company as the Offer Shares contain a convertibility option which can be exercised by the holder of the Offer Shares between the 3rd and 4th anniversary from the date of the listing of the Offer Shares. In addition, the exercise of the Warrants relating to the subscription of the Offer Shares also has a dilutive effect on the rights of the holders of common shares of the Company.

The dilutive effect of the potential conversion of the Offer Shares and the exercise of the Warrants into common shares in the Company is provided in the table below. For purposes of illustration, the table assumes that all holders of the Offer Shares will convert by the 4th anniversary from the listing of the Offer Shares and in the case of Warrants, by the 3rd anniversary from the listing of the Offer Shares:

	Number of Shares	
Particulars	**Without Oversubscription**	**With Oversubscription**
Total issued and outstanding common shares*	1,517,278,350	1,517,278,350
Total number of Offer Shares to be issued	5,000,000	10,000,000
Additional common shares resulting from the full exercise of the Warrants ([2] years from the listing of the Offer Shares)	10,000,000	20,000,000
Additional common shares assuming all Offer Shares are converted between the third and fourth year from the listing of the Offer Shares)**	25,000,000	50,000,000
Resulting total number of common shares after conversion	1,552,278,350	1,587,278,350
Resulting effective ownership of the original holders of the common shares after conversion of the Offer Shares and full exercise of the Warrants	97.7%	95.6%
Dilutive effect of the conversion on the original holders of the common shares	-2.3%	-4.4%

** This table does not assume the Company's current application for its Debt-to-Equity conversion transaction with Velarde, Inc. covering 200,000,000 common shares with a par value of one peso (₱ 1.00) per share.*
***This assumes that all holders of the Offer Shares will convert [by the fourth year] from the listing of the Offer Shares using the Price of ₱20.00.*

See also "Risk Factors — Risks Relating to the Offer Shares — Future sales of additional shares in the public market, full conversion of the Offer Shares into common shares, as well as full exercise of the Warrants could adversely affect the prevailing market price of the Company's shares and shareholders may experience dilution in their holdings."

PLAN OF DISTRIBUTION

The Company plans to issue the Offer Shares to institutional and high net worth individuals in the Philippines through a public offering to be conducted by the Underwriter and Bookrunner. In the event that there are Firm Shares that remain unsubscribed, the Issue Manager, Bookrunner and Underwriter shall subscribe to the balance pursuant to the terms and conditions of the Underwriting Agreement to be executed between the Issue Manager, Bookrunner and Underwriter and the Company.

The Issue Manager, Bookrunner and Underwriter will receive issue management, underwriting and selling fees from the Company based on a percentage of the gross proceeds from the sale of the Offer Shares.

The Company has likewise authorized the Issue Manager, Bookrunner and Underwriter to organize such syndicate of co-managers as it may deem necessary or convenient, under such terms and conditions not inconsistent with the Underwriting Agreement.

UNDERWRITING COMMITMENT

The Offer has been underwritten at the Offer Price and in connection therewith, an Underwriting Agreement will be entered into on or before the commencement of the Offer, by and among the Issue Manager, Bookrunner and Underwriter and the Company, pursuant to which the Underwriter has firmly committed, to subscribe for, or procure subscribers for, or to purchase, or to procure purchasers for 5,000,000 Firm Shares to be offered. The Underwriting Agreement will be subject to certain conditions and is subject to termination by the Issue Manager, Bookrunner and Underwriter if certain circumstances, including force majeure, occur on or before the time at which the Offer Shares and Warrants, are listed on the PSE. In addition, this agreement is conditional, *inter alia*, on the Offer Shares and Warrants being listed on the PSE on the Listing Date or such other date acceptable to the Issue Manager, Bookrunner and Underwriter.

The terms and conditions of the Underwriting Agreement include an agreement by the Company, *inter alia*, to indemnify the Issue Manager, Bookrunner and Underwriter with respect to any breach of warranty by the Company contained therein.

To ensure that all the Firm Shares will be fully subscribed, Unicapital, Inc. as the Underwriter of the Offer, has committed to distribute up to 5,000,000 shares, or all other unsubscribed Firm Shares not taken up by prospective investors. The Underwriter will underwrite the Offer on a firm basis and purchase any and all unsubscribed portion of the Firm Shares made available to the Selling Agents as of the last day of the Offer Period.

THE ISSUE MANAGER, BOOKRUNNER AND UNDERWRITER

Unicapital, Inc. was incorporated in the Philippines on June 29, 1994. It is duly licensed by the SEC to operate as an investment house and was licensed by the SEC to engage in underwriting or distribution of securities to the public in 1994. Its senior executives have extensive experience in the capital markets and were involved in a lead role in a substantial number of major equity and debt issues both locally and internationally. Unicapital's Board of Directors is chaired by Mr. Menardo R. Jimenez, Sr.

Unicapital, Inc., as the Underwriter, represents and warrants that it has exercised the level of due diligence required under existing regulations in ascertaining that all material information appearing in this Prospectus are true and correct as of the date indicated herein. Unicapital, Inc. also warrants and represents that, to the best of its knowledge, after exercising the appropriate due diligence review, there are no other material facts, the omission of which would make any statement in this Prospectus, as a whole, misleading.

The Issue Manager, Bookrunner and Underwriter has no other direct or indirect interest in the Company or in any securities thereof, including options, warrants, or rights thereto. Furthermore, it does not have any relationship with the Company other than as the Issue Manager, Bookrunner and Underwriter for the Offer.

The Issue Manager, Bookrunner and Underwriter has no direct relations with the Company in terms of ownership by its major stockholders, and has no right to designate or nominate any member of the Company's Board.

There is no contract or arrangement existing between or among the Company, the Issue Manager, Bookrunner and Underwriter, or any other third party whereby the Issue Manager, Bookrunner and Underwriter may return any unsold securities from the Offer.

UNDERWRITER'S COMPENSATION

The Issue Manager, Bookrunner and Underwriter shall receive from the Company issue management, underwriting and selling fees at a rate of [three percent (3%)] of the gross proceeds of the Offer, which shall be inclusive of amounts to be paid to the PSE Trading Participants.

All reasonable out-of-pocket expenses to be incurred by the Issue Manager, Bookrunner and Underwriter in connection with the Offer shall be for the account of Company.

SALE AND DISTRIBUTION

The distribution and sale of the Offer Shares shall be undertaken by the Issue Manager, Bookrunner and Underwriter who shall sell and distribute the Offer Shares to institutional and high net worth individuals. The Issue Manager, Bookrunner and Underwriter is authorized to organize a syndicate of underwriters, soliciting dealers and/or Selling Agents for the purpose of the Offer. In connection with the foregoing, the Issue Manager, Bookrunner and Underwriter may enter into sub-underwriting agreements, participation agreements, or like agreements with other underwriters and/or Selling Agents, as necessary. There is nothing in such agreements that allow the Issue Manager, Bookrunner and Underwriter to return to the Company any unsold Offer Shares.

Of the 5,000,000 Firm Shares to be offered, 80% or 4,000,000 Firm Shares are being offered through the Issue Manager, Bookrunner and Underwriter for subscription and sale to Qualified Institutional Buyers and the general public. Each of the 132 PSE Trading Participants shall initially be allocated 7,500 Firm Shares, with a total of 990,000 Firm Shares, or 20% of the Offer to be offered and sold at the Offer Price to the PSE Trading Participants. There will be a total of 10,000 residual Firm Shares to be allocated as may be determinded by the Underwriter. Trading Participants may undertake to purchase more than their allocation of 7,500 Firm Shares. Any requests for Firm Shares in excess of 7,500 Firm Shares may be satisfied via the reallocation of any Offer Shares not taken up by other Trading Participants.

The Company will not allocate any Firm Shares for Local Small Investors. As defined in the PSE Revised Listing Rules, a Local Small Investor is a share subscriber whose subscription does not exceed ₱25,000.00. The Offer will have a minimum subscription amount of ₱50,000.00, which is beyond the prescribed maximum subscription amount for Local Small Investors.

Prior to the close of the Offer Period, any Firm Shares not taken up by the Trading Participants shall be distributed by the Underwriter and Bookrunner directly to its clients and the general public. All Firm Shares not taken up by the Trading Participants, general public, and the Underwriter and Bookrunner's clients shall be purchased by the Underwriter and Bookrunner pursuant to the terms and conditions of the Underwriting Agreement.

MANNER OF DISTRIBUTION

The Underwriter and Bookrunner shall, at its discretion, determine the manner by which proposals for subscriptions to, and issuances of, the Firm Shares shall be solicited, with the primary sale of the Firm Shares to be effected only through the Underwriter and Bookrunner. The Underwriter and Bookrunner may appoint other entities, including Trading Participants, to sell on its behalf.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is based on events that have occurred as of the date of this Prospectus and the Company's consolidated financial statements and the accompanying notes thereto. The following discussion of the Company's recent financial condition and results of operations should be read in conjunction with the independent auditor's reports and the Company's consolidated financial statements and the accompanying notes thereto in the section entitled "Summary of Financial and Operating Information" of this Prospectus. The Company's audited consolidated financial statements as of and for the years ended December 31, 2017, 2016 and 2015, were prepared in accordance with PFRS and were audited by SGV in accordance with the PSA.

The following discussion contains forward-looking statements and reflects the current views of the Company with respect to the future events and financial performance. Actual results may differ materially from those anticipated in the forward-looking statements (please see "Forward-Looking Statements" in this Prospectus) as a result of certain factors such as those set out in the "Risk Factors" in this Prospectus.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and the following Consolidated Subsidiaries as of December 31, 2017, 2016 and 2015:

			Percentage of Ownership		
	Year of Incorporation	**Nature of Business**	**2017**	**2016**	**2015**
J-Span IT Services, Inc.	2011	Service	100%	100%	100%
Porteon SEA, Inc.	2011	Manufacturing	100%	100%	100%
i-Resource Consulting International, Inc.	2011	Service	100%	100%	100%
i-Professional Search Network, Inc.	2012	Service	75%	100%	100%
Softrigger Interactive Inc.	2000	Service	67%	67%	67%

<u>For the year ended December 31, 2017 compared with the year ended December 31, 2016</u>

Revenues

For the period ended December 31, 2017, the Group posted total consolidated revenues of ₱148.97 million, higher by 41.29% or ₱43.54 million compared to the December 31, 2016 revenues of ₱105.44 million. The movement was due mainly to the increase of Software Licences amounting to P26.15 million in 2017, representing an increase of 46.66% as compared to 2016 of ₱56.04 million. There was also an increase in sales of broadband services by the Group during 2017 which amounted to ₱18.53 million, representing an increase of 309.87% compared to 2016 sales level of ₱5.98 million.

Portion of total revenues during the year was accounted for by IT service fees amounting to ₱42.27 million or 28.38% of the total. IT service fees pertain mainly to fees or income earned from the deployment by the Group of IT knowledge professionals to its clients to render IT-related solutions and services.

Other revenues, meanwhile, amounted to ₱0.61 million during the year, lower by 65.42% or ₱1.15 million compared to same period year-ago level of ₱1.76 million. Other revenues were mainly accounted for by interest income and other miscellaneous income.

The table below shows the breakdown of the Group's revenues for the year ended December 31, 2017 and 2016 and their relative percentage contribution to total revenues.

	December 31, 2017			
	IT Manpower and Resource Augmentation	**Software Licences and services**	**Broadband services**	**Total**
Service fees	**₱42,274,212**	**₱59,878,920**	**₱24,513,069**	**₱126,666,201**
Sales	–	**21,698,063**	**–**	**21,698,063**
Others	–	**610,161**	**–**	**610,161**
Total revenue	**₱42,274,212**	**₱82,187,144**	**₱24,513,069**	**₱148,974,425**
	28.38%	*55.17%*	*16.45%*	*100%*

	December 31, 2016			
	IT Manpower and Resource Augmentation	**Software Licences and services**	**Broadband services**	**Total**
Service fees	₱43,412,235	₱41,230,381	₱5,981,141	₱90,623,757
Sales	–	13,048,685	–	13,048,685
Others	2,465	1,762,076	–	1,764,541
Total revenue	₱43,414,700	₱56,041,142	₱5,981,141	₱105,436,983
	41.18%	*53.15%*	*5.67%*	*100%*

The Company's operating segments are organized and managed separately according to the nature of the services offered as follows:

- IT Management and Resource Augmentation - provides deployment of IT knowledge professionals to clients.
- Software Licenses and Services - provides high value products and services to clients.
- Broadband Services – provides high-speed broadband service of up to 700 Mbps to clients.

For the year ending December 31, 2017, IT Manpower and Resource Augmentation went down by ₱1.14 million or 2.63%. Software Licenses and Services went up by ₱26.15 million or 46.66% to ₱82.19 million in 2017 from ₱56.04 million in 2016. Broadband services for the year ended December 31, 2017 was at ₱24.51 million from ₱5.98 million the previous year.

Cost of Sales and Services

Cost of services during the year amounted to ₱85.80 million, higher by 51.47% or ₱29.16 million compared to the ₱56.65 million cost of sales and services level posted for the year ended December 31, 2016. The increase was primarily attributed to the higher cost of outside services and data services during the year amounting to ₱53.82 million compared to the amount last year of ₱46.43 million. Costs relating to sales increased from ₱10.22 million to ₱31.98 million when comparing amounts from those of December 31, 2016 to those of December 31, 2017. The items comprising cost of sales are the cost of IBM Licenses.

In ₱	**For the year ended December 31, 2017**	**For the year ended December 31, 2016**
Cost of Service		
Outside services	₱46,436,396	₱43,226,619
Cost of Data Services	7,386,191	3,204,621
Cost of Sales	31,980,891	10,215,702
Total	₱85,803,478	₱56,646,942

Gross Income

The Group's gross income for the year ended December 31, 2017 amounted to ₱63.17 million, higher by ₱14.38 million or 29.48% compared to previous year's amount of ₱48.79 million.

General and Administrative Expenses

For year ended December 31, 2017, the Group's total consolidated general and administrative expenses amounted to ₱54.08 million, higher by 24.60% or ₱10.68 million as compared to previous year's total of ₱43.40 million. The higher operating expenses during the year was due mainly to lower outside services; salaries and other employee benefits; entertainment, amusement and recreation expense which amounted to ₱6.99 million, ₱13.77 million and ₱6.23 million, respectively, as compared to their last year levels of ₱7.49 million, ₱1.30 and ₱4.71 million, respectively.

Other major operating expense items during the year ended December 31, 2017 also include: (i) transportation and travel (₱5.03 million); (ii) taxes and licenses (₱4.10 million); (iii) depreciation and amortization (₱4.41 million); (iv) communication (₱4.50 million); (v) professional fees (₱2.50 million); (vi) rental (₱1.74 million); and (vii) advertising and promotion (₱2.37 million).

In ₱	**For the Year Ended December 31, 2017**	**For the Year Ended December 31, 2016**
Outside services	₱6,988,982	₱7,489,693
Provision for impairment loss on:		
Advances	–	5,000,000
Trade and other receivables	1,940	685,685
Other current assets	–	–
Entertainment, amusement and recreation	6,227,299	4,706,499
Advertising and promotion	2,367,961	4,524,439
Communcation	4,496,294	4,109,582
Professional fees	2,495,621	2,918,643
Office supplies	793,637	2,441,318
Depreciation and amortization	4,411,001	2,214,569
Rental	1,739,036	1,728,730
Transportation and Travel	5,026,897	1,702,362
Salaries and other employee benefits	13,772,096	1,301,160
Taxes and licenses	4,095,999	1,068,636
Repairs and maintenance	180,576	1,008,292
Utilities	284,014	982,225
Insurance	199,904	258,661
Others	996,603	1,260,642
Total General and Administrative Expenses	**₱54,077,860**	**₱43,401,136**

Other Charges

Interest expense for the year ended December 31, 2017 amounted to ₱0.05 million, representing a decrease of 90.92% or ₱0.52 million compared to previous year's total interest expense of ₱0.57 million. The decrease was mainly attributed to payment of bank loan during the period.

Other charges during the period, meanwhile, amounted to ₱0.08 million, lower by ₱0.04 million compared to prior year's level of ₱0.12 million.

Income before Income Tax

The Group posted income before tax of ₱8.96 million for the year ending December 31, 2017, higher by ₱4.27 million or 91.00% as compared to income before tax figure of ₱4.69 million posted during the prior year. The increase was due to higher growth in gross income during the period relative to the growth of the Group's total revenues.

Income Tax Expense

The Group's total income tax expense during the period amounted to ₱2.67 million, higher by ₱0.48 million as compared to previous year's level of ₱2.19 million.

Net Income

The Group posted net income of ₱6.29 million for the year ended December 31, 2017, higher by ₱3.79 million compared to the net income of ₱2.50 million recorded during last year.

As of December 31, 2017 compared to as of December 31, 2016

Assets

Cash

The Group's cash balance amounted ₱10.69 million as of December 31, 2017, higher by ₱6.30 million compared to the cash balance of ₱4.40 million as of December 31, 2016. The increase in cash level was attributed primarily from increase in cash generated from financing activities of ₱74.01 million, as compared to increase in cash used in investing activities of ₱30.26 million and cash used in operating activities of ₱37.46 million.

Trade and Other Receivables (Net)

Trade and other receivables as of December 31, 2017 amounted to ₱167.94 million, higher by ₱52.41 million or 45.36% from the trade and other receivables level of ₱115.53 million as of December 31, 2016. This account comprised of (i) trade receivables (₱178.16 million); (ii) advances to officers and personnel (₱1.81 million); (iii) other receivables (₱1.81 million); and (iv) less allowance for impairment losses (₱13.83 million).

Trade receivables as of December 31, 2017 consisted of (i) receivables from related parties amounting to ₱146.63 million; and (ii) receivables from third parties amounting to ₱31.29 million.

Trade and non-trade receivables from third parties are non-interest bearing and are generally collected within thirty (30) to sixty (60) days. Trade receivables from related parties are unsecured, non-interest-bearing and are to be settled upon demand.

Other receivables pertain to outstanding loan receivable from a related party, Holy Cow Animation, which is unsecured and are to be settled upon demand.

Due from Related Parties – Current

As of December 31, 2017, due from related parties amounted to ₱95.96 million, higher by ₱23.44 million or 32.36% compared to December 31, 2016 ending balance of ₱72.50 million. Due from related parties is mainly accounted for by (i) amounts owed by NOW Telecom amounting to ₱63.75 million; (ii) amounts due from Porteon Electric Vehicles, Inc. amounting to ₱2.16 million; and (iii) amount arising from the sale of IBM licenses to Softweb, an entity under common control, amounting to ₱0.49 million.

Other Current Assets

The Group's other current assets as of December 31, 2017 amounted to ₱47.36 million, higher by 518.40% compared to the ₱7.66 million other current assets level as of December 31, 2016. Other current assets comprised mainly of (i) prepayments (₱36.28 million); (ii) creditable withholding tax (₱5.69 million); (iii) input VAT-net (₱2.88 million); (iv) deferred input vat (₱1.74 million); and (v) others (₱0.77 million).

Investments and Advances

The Group's investments and advances level as of December 31, 2017 remained flat at ₱1,312.87 million for 2017 relative to the ending balance as at December 31, 2016 of ₱1,312.87 million.

Investments and advances were mainly accounted for by the Group's investment in NOW Telecom which amounted to ₱1,289.28 million as of December 31, 2017. The Company's investment in NOW Telecom is classified as available for sale financial asset.

On April 28, 2006, the Company entered into a Memorandum of Agreement ("MOA") with NOW Telecom and five controlling stockholders of NOW Telecom namely, Top Mega, Joycelink, GHI, EII, Food Camp (the five companies collectively known as NOW Telecom stockholders) to swap or exchange shares of stock.

Under the MOA, there shall be a new issuance of shares of stock by the Company in exchange solely for NOW Telecom shares owned and controlled by the NOW Telecom stockholders. The agreed upon swap of shares was subject to certain conditions, including necessary corporate and regulatory approvals. The MOA was approved by the Company's stockholders during the June 2, 2006 Annual Stockholders' Meeting.

However, certain amendments were subsequently made to the MOA in view of the fact that upon further consultation with the PSE, it was determined that the Company could not revise its primary purpose at that time. Hence, the stockholders approved the amendment in the MOA that there will be no change in the primary purpose of the Company. In addition, the stockholders also approved the proposal that the Company shall acquire only 19.00% equity interest in NOW Telecom and not 97.00%, as originally intended. As a result, the NOW Telecom stockholders will transfer to the Company 2,656,580 NOW Telecom shares in exchange for new shares of the Company with an aggregate value of ₱1,289.28 million, or effectively at a price of ₱485.32 per NOW Telecom share.

To comply with the provisions of the amended MOA, the Company increased its authorized capital stock to accommodate the foregoing transaction. In September 2006, the SEC issued Certificate of Approval of Valuation of shares of stock of NOW Telecom and Certificate of Increase in capital stock of the Group. The PSE approved the application for the listing of the additional ₱1,289.28 million common shares to cover the share-for-share swap transactions with NOW Telecom shareholders.

No impairment loss on the investment in NOW Telecom was recognized in 2017, 2016 and 2015. Based on the Group's assessment as of December 31, 2017, the Group has determined that NOW Telecom's continuing losses over the past several years is an objective evidence that the investment may no longer be recoverable. Given the objective evidence of impairment, the Group was required to determine the recoverable amount of the investment, which was valued to be the sum of the (i) market value of comparable radio frequencies, and the (ii) present value of estimated future cash flows that can be generated by frequencies with no comparable market value. The estimated market value of the radio frequencies owned by NOW Telecom was determined based on the implied price per MHzPop of the most recent comparable market transaction involving buy-outs of entities with radio frequencies. Meanwhile, for those radio frequencies owned by NOW Telecom with no comparable market value, the estimated market value of these radio frequencies was determined through the present value of estimated future cash flows to be generated from these frequencies. The key assumptions used by the Group in determining the present value of estimated future cash flows from these frequencies are as follows:

- Discount rate based on NOW Corporation's weighted average cost of capital and further adjusted to reflect the market assessment of any risk for which future estimates of cash flows have not been adjusted.
- Cash flows beyond the five-year period are extrapolated using a determined constant growth rate to arrive at the terminal value.
- Revenue for the five year period are forecasted using a growth rate which is within the industry outlook.

The above assumptions were reviewed by the auditors as part of its audit verification procedures.The carrying amount of the investment in NOW Telecom amounted to ₱1,289.28 million as of December 31, 2017, 2016 and 2015.

Advances, meanwhile, pertain to the deposits made by the Company to certain investee companies, Thumbmob Philippines, Inc. and Holy Cow Animation, for the subscription to the proposed increase in authorized capital stock of said investee companies. The applications for the increase in authorized capital stock are not yet filed with the SEC as of the date of this Prospectus. Thumbmob Philippines, Inc. and Holy Cow Animation, in effect have plans of increasing their respective authorized capital stocks to expand their businesses to where the

Company is interested in. The two entities are planning to be the software developer for NOW Telecom once its bid as third telco succeeds. The Company will heed to the timeline of both companies.

Investments and advances are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Management's assessment process involves significant judgment about future market conditions and estimation based on assumptions such as market value of comparable frequencies, revenue growth rate, long-term growth rate and discount rate. Based on the assessment, no impairment loss was recognized on the investments and advances.

Property and Equipment Net

The Group's net property and equipment balance amounted to ₱8.71 million as of December 31, 2017, higher by 31.70% or ₱2.10 million compared to the ending balance of ₱6.61 million as of December 31, 2016. The increase was mainly attributed to additions of assets during the period.

Property and equipment consists mainly of (i) leasehold improvements; (ii) transportation equipment; and (iii) office equipment; and (iv) furniture and fixtures which are essential in the conduct of the Group's business operations.

Other Non-Current Assets (net)

The Group's other non-current assets (net of accumulated amortization of computer software amounting to ₱1.09 million) as of December 31, 2017 amounted to ₱0.74 million, higher by ₱0.31 million compared to the December 31, 2016 ending balance of ₱0.43 million.

Liabilities

Accounts Payables and Accrued Expenses

As of December 31, 2017, the Group's accounts payables and accrued expenses amounted to ₱164.07 million, higher by ₱44.42 million or 37.13% compared to the ₱119.64 million ending balance as of December 31, 2016.

Trade payables accounted for a significant portion of the total amounting to ₱76.31 million or 46.51% which was broken down further into (i) trade payables to third parties (₱59.92 million); and (ii) trade payables to related parties (₱16.40 million).

Accrued expenses, on the other hand, accounted for ₱71.47 million or 43.56% of the total and consisted mainly of (i) accrued interest (₱59.90 million); and (ii) other accrued expenses (₱11.56 million) as of December 31, 2016.

Other items included under accounts payable and accrued expenses item are: (i) deferred output VAT (₱14.95 million); and (ii) withholding taxes payable (₱1.33 million). Accruals, deferred output VAT, output VAT, withholding taxes and other payables are normally settled throughout the year.

Due to Related Parties (current)

Due to related parties amounted to ₱151.45 million as of December 31, 2017, higher by ₱73.92 million or 95.35% compared to December 31, 2016 balance of ₱77.52 million. Due to related parties pertains to amounts owed to related parties which include interest bearing advances from Velarde Inc. working capital and investment requirements. Interest rate for these loans is at 18.00% per annum or 1.50% per month. The charging of interest has been waived by Velarde Inc. since 2015 onwards. Due to Velarde, Inc. amounted to ₱141.33 million as of December 31, 2017.

On January 22, 2015, Velarde, Inc. agreed to convert its advances amounting to ₱200.00 million into equity interest in the Company for 200 million common shares with a par value of one peso (₱1.00). It was further agreed that the remaining balances and subsequent advances from Velarde, Inc. shall no longer be subject to interest. On April 29, 2016, the Company's Board of Directors approved the conversion into equity of the advances from Velarde, Inc. amounting to ₱264.00 million at a conversion price of ₱1.22 per share computed on the volume-weighted average price of the Company's shares for a 30-day trading period ended April 14, 2016. The final conversion price on the advances however shall be subject to an independent third party valuation report and the approval of the stockholders of the Company representing two-thirds (2/3) of its outstanding capital stock. To date the conversion price has not been finalized. On June 20, 2016, additional advances were incurred from Velarde, Inc, through the latter's payment of the loans payable from bank on behalf of the Company amounting to ₱44.50 million.

Loans Payable (current portion)

The Company has availed of short-term loans payable from Metropolitan Bank and Trust Company ("MBTC") amounting to ₱44.50 million. In December 2013, the said loan was extended for another two (2) years with a maturity date of January 2016. On March 1, 2016, the Company availed of a ₱44.50 million loan from the Bank of Makati to settle the loan from MBTC. The new loan, which will mature on March 1, 2018, has a term of 2.00 years and bears a fixed interest rate of 1.75% per annum.

On June 20, 2016, the loan was paid by Velarde, Inc. on behalf of the Company.

On December 22, 2016, the Company availed a chattel mortgage loan amounting to ₱0.56 million from BDO Unibank, Inc. for the purchase of a vehicle, which serves as the property mortgaged. The new loan requires sixty monthly repayments of ₱0.01 million until November 23, 2021, has a term of five (5) years and bears an interest rate of 9.44% per annum.

The current and noncurrent portions of the loan amounted to ₱0.10 million and ₱0.35 million, respectively, as of December 31, 2017.

On December 21, 2017, the Company's Board of Directors confirmed the Company's authority to secure a short-term loan with a minimum amount of ₱ 5.00 million applied with the Land Bank of the Philippines. The said loan shall be used to finance the contract for the Installation of Judiciary Email System of the Supreme Court of the Philippines, which the Company won in a bidding amounting to ₱ 57.29 million.

Apart from the foregoing, there are no direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

Further, the Company has no material off-balance sheet transactions, arrangements, obligations or any contingent liability as of the date of this Prospectus.

Equity

Total equity of the Group stood at ₱1,355.81 million as of December 31, 2017, higher by 0.48% or ₱6.47 million from the total equity level of ₱1,349.34 million as of December 31, 2016.

Common Stock

On January 22, 2015, the Company's Board of Directors approved a new proposal to supersede previous increase in authorized capital stock plans. It was decided for the Company to apply for an increase of 800.00 million shares at ₱1.00 par value per share. (*i.e.*, 1,320.00 million shares to 2,120.00 million shares). The SEC approved the Company's application to increase its authorized capital stock on December 17, 2015.

On April 29, 2016, the Company's Board of Directors approved the increase of the authorized capital stock of the Company from 2,120.00 million shares at ₱1.00 par value per share to 3.00 billion shares at ₱1.00 par value per share. The Board of Directors also approved the conversion into equity of the advances from Velarde, Inc. amounting to ₱264.00 million. The Company is in the process of filing an application to increase its authorized capital to ₱3,000 million with the SEC.

On September 2, 2016, the Company's Board of Directors approved the amendment in the Articles of Incorporation of the Company to reclassify sixty (60) million unissued common shares to redeemable, convertible, non-participating and non-voting Peso-denominated preferred shares, with or without detachable warrants, with a par value of one peso (₱1.00) per share. On November 8, 2016, the stockholders of the Company representing two-thirds (2/3) of its outstanding capital stock approved the amendment.

On January 6, 2017, the Company filed an application with the SEC for the approval of the said amendment. This was approved by the SEC on January 10, 2017.

Deposit for Future Stock Subscription

Deposit for future stock subscription of the Group as of December 31, 2017, amounted to ₱264.00 million which is the same as compared to December 31, 2016 balance.

On April 29, 2016, the Company's Board of Directors approved the increase of the authorized capital stock of the Company from 2.12 billion shares at ₱1.00 par value per share to 3.00 billion shares at ₱1.00 par value per share. The Board of Directors also approved the conversion into equity of the advances from Velarde, Inc. amounting to ₱264.00 million at a conversion price of ₱1.22 per share computed on the volume-weighted average price of the Company's shares for a 30-day trading period ending April 14, 2016. The final conversion price on the advances however shall be subject to an independent third party valuation report and the approval of the stockholders of the Company representing two-thirds (2/3) of its outstanding capital stock. As of December 31, 2017, the Group presented the deposit for future stock subscription amounting to ₱264.00 million as part of equity. To date the conversion price has not been finalized.

The Company is in the process of filing an application to increase its authorized capital stock to ₱3.00 billion with the SEC.

Non-Controlling Interest

As of December 31, 2017, non-controlling interest (equity) remained almost flat at negative ₱3.49 million.

Deficit

The Group's deficit level as of December 31, 2017 amounted to negative ₱421.16 million, higher by 1.59% or ₱6.79 million compared to the deficit amount of negative ₱427.95 million as of December 31, 2016.

For the year ended December 31, 2016 compared with the year ended December 31, 2015

Revenues

For the year ended December 31, 2016, the Group posted total consolidated revenues of ₱105.44 million, lower by 8.63% or ₱9.96 million compared to the prior year same period level of ₱115.39 million. The decrease was due mainly to the lower sales of software licenses and services by the Group during the period which amounted to ₱13.05 million, representing a decline of 72.43% compared to previous year's same period sales level of ₱47.33 million.

Bulk of total revenues during the period was accounted for by service fees amounting to ₱90.62 million or 85.95% of the total. IT service fees pertain mainly to fees or income earned from the deployment by the Group of IT knowledge professionals to its clients to render IT-related solutions and services.

Other revenues, meanwhile, amounted to ₱1.76 million during the period, higher by 84.87% or ₱0.81 million compared to same period year-ago level of ₱0.95 million. Other revenues were mainly accounted for by management fees being charged by the Group to its affiliates.

The table below shows the breakdown of the Group's revenues for the years ended December 31, 2015 and 2016 and their relative percentage contribution to total revenues.

	December 31, 2016			
	IT Manpower and Resource Augmentation	**Software Licences and services**	**Broadband services**	**Total**
Service fees	₱43,412,235	₱41,230,381	₱5,981,141	₱90,623,757
Sales	–	13,048,685	–	13,048,685
Others	2,465	1,762,076	–	1,764,541
Total revenue	**₱43,414,700**	**₱56,041,142**	**₱5,981,141**	**₱105,436,983**
	41.18%	*53.15%*	*5.67%*	*100%*

	December 31, 2015			
	IT Manpower and Resource Augmentation	Software Licences and services	Broadband services	Total
Service fees	₱39,421,080	₱27,686,947	₱–	₱67,108,027
Sales	–	47,331,371	–	47,331,371
Others	5,524	948,959	–	954,483
Total revenue	**₱39,426,604**	**₱75,967,277**	**₱–**	**₱115,393,881**
	34.17%	*65.83%*	*0*	*100%*

The Company's operating segments are organized and managed separately according to the nature of the services offered as follows:

- IT Management and Resource Augmentation - provides deployment of IT knowledge professionals to clients.
- Software Licenses and Services - provides high value products and services to clients.
- Broadband Services – provides high-speed broadband service of up to 700 Mbps to clients.

For the year ending December 31, 2016, IT Manpower and Resource Augmentation went up by ₱3.99 million or 10.12%. Software Licenses and Services went down by ₱19.93 million or 26.23% to ₱56.04 million from ₱75.97 million the same period in 2015. Broadband services for the year ended December 31, 2016 was at ₱5.98 million from nil the previous year.

The Company has no significant income or loss that did not arise from its continuing operations.

The Company does not see any trend, event or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable effect on its net sales or revenues or income from continuing operations.

Cost of Sales and Services

Cost of services during the year amounted to ₱56.65 million, lower by 25.07% or ₱18.95 million compared to the ₱75.60 million cost of sales and services level posted for the year ended December 31, 2015. The decline was primarily attributed to the lower cost of sales during the period amounting to ₱10.22 million compared to the same period amount last year of ₱35.55 million. Costs relating to outside services and to cost of data services increased from ₱40.05 million to ₱43.23 million and from nil to ₱3.20 million respectively when comparing amounts from those of December 31, 2015 to those of December 31, 2016.

In ₱	For the year ended December 31, 2016	For the year ended December 31, 2015
Cost of Service		
Outside services	₱43,226,619	₱40,054,599
Cost of Data Services	3,204,621	–
Cost of Sales	10,215,702	35,545,753
Total	**₱56,646,942**	**₱75,600,352**

Gross Income

The Group's gross income for the year ended December 31, 2016 amounted to ₱48.79 million, higher by ₱9.00 million or 22.61% compared to previous year's same period level of ₱39.79 million.

General and Administrative Expenses

For year ended December 31, 2016, the Group's total consolidated general and administrative expenses amounted to ₱43.40 million, higher by 39.05% or ₱12.19 million as compared to previous year's same period total of ₱31.21 million. The higher operating expenses during the period was due mainly to higher entertainment, amusement and recreation expenses; advertising and promotion expenses; and communication expenses which amounted to ₱4.71 million, ₱4.52 million and ₱4.11 million, respectively as compared to their year-ago same period levels of ₱2.43 million, nil and ₱3.56 million, respectively.

Other major operating expense items during the year ended December 31, 2016 also include: (i) outside services (₱7.49 million); (ii) professional fees (₱2.92 million); (iii) office supplies (₱2.44 million); (iv) depreciation and amortization (₱2.21 million); (v) rental (₱1.73 million); (vi) transportation and travel (₱1.70 million); and (vii) salaries and other employee benefits (₱1.30 million).

In ₱	**For the year ended December 2016**	**For the year ended December 2015**
Outside services	₱7,489,693	₱6,602,192
Provision for impairment loss on:		
Advances	5,000,000	–
Trade and other receivables	685,685	4,033,832
Other current assets	–	158,767
Entertainment, amusement and recreation	4,706,499	2,430,290
Advertising and promotion	4,524,439	–
Communcation	4,109,582	3,563,207
Professional fees	2,918,643	632,437
Office supplies	2,441,318	1,020,425
Depreciation and amortization	2,214,569	3,567,678
Rental	1,728,730	1,681,446
Transportation and Travel	1,702,362	1,586,867
Salaries and other employee benefits	1,301,160	756,000
Taxes and licenses	1,068,636	2,473,879
Repairs and maintenance	1,008,292	353,177
Utilities	982,225	804,573
Insurance	258,661	271,898
Others	1,260,642	1,275,162
Total General and Administrative Expenses	**₱43,401,136**	**₱31,211,830**

Other Charges

Interest expense for the year ended December 31, 2016 amounted to ₱0.57 million, representing a decrease of 45.63% or ₱0.48 million compared to previous year's same period total interest expense of ₱1.05 million. The decrease was mainly attributed to payment of bank loan during the period.

Other charges during the period, meanwhile, amounted to ₱0.12 million, lower by ₱0.66 million compared to prior year's same period level of ₱0.78 million.

Income before Income Tax

The Group posted income before tax of ₱4.69 million for the annual period ending December 31, 2016, lower by ₱2.05 million or 30.43% as compared to income before tax figure of ₱6.74 million posted during the same period of the prior year. The decrease was due to higher growth in the level of operating expenses during the period relative to the growth of the Group's total revenues.

Income Tax Expense

The Group's total income tax expense during the period amounted to ₱2.19 million, higher by ₱0.68 million as compared to previous year's same period level of ₱1.51 million.

Net Income

The Group posted net income of ₱2.50 million for the year ended December 31, 2016, lower by ₱2.74 million compared to the net income of ₱5.24 million recorded during the same period a year ago.

As of December 31, 2016 compared to as of December 31, 2015

Assets

Cash

The Group's cash balance amounted ₱4.40 million as at December 31, 2016, lower by ₱11.58 million compared to the cash balance of ₱15.98 as at December 31, 2015. The decline in cash level was attributed primarily from cash inflow in cash from operating activities of P41.27 million, cash outflow in investing activities of P29.79 million and cash inflow from financing activities of P59.48 million .

Trade and Other Receivables (Net)

Trade and other receivables as at December 31, 2016 amounted to ₱115.53 million, higher by ₱33.74 million or 41.26% from the trade and other receivables level of ₱81.79 million as of December 31, 2015. This account comprised of (i) trade receivables (₱125.80 million); (ii) advances to officers and personnel (₱1.36 million); (iii) other receivables (₱2.21 million); and (iv) less allowance for impairment losses (₱13.84 million).

Trade receivables as at December 31, 2016 consisted of (i) receivables from related parties amounting to ₱101.22 million; and (ii) receivables from third parties amounting to ₱24.58 million.

Trade and non-trade receivables from third parties are non-interest bearing and are generally collected within 30 to 60 days. Trade receivables from related parties are unsecured, non-interest-bearing and are to be settled upon demand.

Other receivables pertain to outstanding loan receivable from a related party, Holy Cow Animation, which is unsecured and are to be settled upon demand.

Due from Related Parties – Current

As at December 31, 2016, due from related parties amounted to ₱72.50 million, higher by ₱24.11 million or 49.83% compared to December 31, 2015 ending balance of ₱48.39 million. Due from related parties is mainly accounted for by (i) amounts owed by NOW Telecom amounting to ₱51.35 million; (ii) amounts due from Porteon Electric Vehicles, Inc. amounting to ₱2.16 million; and (iii) amount arising from the sale of IBM licenses to Softweb, an entity under common control, amounting to ₱0.49 million.

Other Current Assets

The Group's other current assets as at December 31, 2016 amounted to ₱7.66 million, higher by 83.32% compared to the ₱4.18 million other current assets level as of December 31, 2015. Other current assets comprised mainly of (i) creditable withholding tax (₱3.81 million); (ii) prepayments (₱3.42 million); (iii) input VAT (₱0.29 Million); and (iv) others (₱0.15 million).

Investments and Advances

The Group's investments and advances level as at December 31, 2016 remained flat at ₱1.31 billion for 2016 relative to the ending balance as at December 31, 2015 of ₱1.32 billion.

Investments and advances were mainly accounted for by the Group's investment in NOW Telecom which amounted to ₱1.29 billion as at December 31, 2015. The Company's investment in NOW Telecom is classified as available for sale financial asset.

On April 28, 2006, the Company entered into a Memorandum of Agreement ("MOA") with NOW Telecom and five controlling stockholders of NOW Telecom namely, Top Mega, Joycelink, GHI, EII, Food Camp (the five companies collectively known as NOW Telecom stockholders) to swap or exchange shares of stock.

Under the MOA, there shall be a new issuance of shares of stock by the Company in exchange solely for NOW Telecom shares owned and controlled by the NOW Telecom stockholders. The agreed upon swap of shares was subject to certain conditions, including necessary corporate and regulatory approvals. The MOA was approved by the Company's stockholders during the June 2, 2006 Annual Stockholders' Meeting.

However, certain amendments were subsequently made to the MOA in view of the fact that upon further consultation with the PSE, it was determined that the Company could not revise its primary purpose at that time. Hence, the stockholders approved the amendment in the MOA that there will be no change in the primary purpose of the Company. In addition, the stockholders also approved the proposal that the Company shall acquire only 19.00% equity interest in NOW Telecom and not 97.00%, as originally intended. As a result, the NOW Telecom stockholders will transfer to the Company 2,656,580 NOW Telecom shares in exchange for new shares of the Company with an aggregate value of ₱1,289,278,350, or effectively at a price of ₱485.315085 per NOW Telecom share.

To comply with the provisions of the amended MOA, the Company increased its authorized capital stock to accommodate the foregoing transaction. In September 2006, the SEC issued Certificate of Approval of Valuation of shares of stock of NOW Telecom and Certificate of Increase in capital stock of the Group. The PSE approved the application for the listing of the additional ₱1,289,278,350 common shares to cover the share-for-share swap transactions with NOW Telecom shareholders.

Advances, meanwhile, pertain to the deposits made by the Company to certain investee companies, Thumbmob Philippines, Inc. and Holy Cow Animation, for the subscription to the proposed increase in authorized capital stock of said investee companies. The applications for the increase in authorized capital stock are not yet filed with the SEC as of April 12, 2017.

Investments and advances are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Management's assessment process involves significant judgment about future market conditions and estimation based on assumptions such as market value of comparable frequencies, revenue growth rate, long-term growth rate and discount rate. Based on the assessment, no impairment loss was recognized on the investments and advances.

Property and Equipment Net

The Group's net property and equipment balance amounted to ₱6.61 million as of December 31, 2016, higher by 103.50% or ₱3.36 million compared to the ending balance of ₱3.25 million as of December 31, 2015. The increase was mainly attributed to additions of assets during the period.

Property and equipment consists mainly of (i) leasehold improvements; (ii) transportation equipment; and (iii) office equipment; and (iv) furniture and fixtures which are essential in the conduct of the Group's business operations.

Other Non-Current Assets (net)

The Group's other non-current assets (net of accumulated amortization of computer software amounting to ₱1.12 million) as at December 31, 2016 amounted to ₱0.43 million, higher by ₱0.10 million compared to December 31, 2015 ending balance of ₱0.33 million.

Liabilities

Accounts Payables and Accrued Expenses

As at December 31, 2016, the Group's accounts payables and accrued expenses amounted to ₱119.64 million, lower by ₱13.28 million or 9.99% compared to the ₱132.93 million ending balance as at December 31, 2015.

Accrued expenses accounted for a significant portion of the total amounting to ₱68.34 million or 57.12% which was broken down further into (i) accrued interest (₱59.90 million); and (ii) other accrued expenses (₱8.43 million).

Trade payables, on the other hand, accounted for ₱41.32 million or 34.54% of the total and consisted mainly of (i) trade payables to third parties (₱22.51 million); and (ii) trade payables to related parties (₱18.81 million) as at December 31, 2016.

Other items included under accounts payable and accrued expenses item are: (i) deferred output VAT (₱9.27 million); and (ii) withholding taxes payable (₱0.72 million). Accruals, deferred output VAT, output VAT, withholding taxes and other payables are normally settled throughout the year.

Due to Related Parties (current)

Due to related parties amounted to ₱77.52 million as at December 31, 2016, lower by ₱160.56 million or 67.44% compared to end-December 2015 balance of ₱238.08 million. Due to related parties pertains to amounts owed to related parties which include interest bearing advances from Velarde Inc. working capital and investment requirements. Interest rate for these loans is at 18.00% per annum or 1.50% per month. Due to Velarde, Inc. amounted to ₱68.32 million as of December 31, 2016.

On January 22, 2015, Velarde, Inc. agreed to convert its advances amounting to ₱200.00 million into equity interest in the Company for 200.00 million common shares with a par value of one peso (₱1.00). It was further agreed that the remaining balances and subsequent advances from Velarde, Inc. shall no longer be subject to interest. On April 29, 2016, the Company's Board of Directors approved the conversion into equity of the advances from Velarde, Inc. amounting to ₱264.0 million at a conversion price of ₱1.22 per share computed on the volume-weighted average price of the Company's shares for a 30-day trading period ended April 14, 2016. On June 20, 2016, additional advances were incurred from Velarde, Inc, through the latter's payment of the loans payable from bank on behalf of the Company amounting to ₱44.50 million.

Loans Payable (current portion)

The Company has availed of short-term loans payable from Metropolitan Bank and Trust Company ("MBTC") amounting to ₱44.50 million. In December 2013, the said loan was extended for another two (2) years with a maturity date of January 2016. On March 1, 2016, the Company availed of a ₱44.50 million loan from the Bank of Makati to settle the loan from MBTC. The new loan, which will mature on March 1, 2018, has a term of 2.03 years and bears a fixed interest rate of 1.75% per annum.

On June 20, 2016, the loan was paid by Velarde, Inc. on behalf of the Company.

On December 22, 2016, the Company availed a chattel mortgage loan amounting to ₱564,800 from BDO Unibank, Inc. for the purchase of a vehicle, which serves as the property mortgaged. The new loan requires sixty monthly repayments of ₱11,754 until November 23, 2021, has a term of five (5) years and bears an interest rate of 9.44% per annum.

The current and noncurrent portions of the loan amounted to ₱0.09 million and ₱0.45 million, respectively, as of December 31, 2016.

Equity

Total equity of the Group stood at ₱1,349.34 million as at December 31, 2016, higher by 24.61% or ₱266.49 million from the total equity level of ₱1,082.85 million as of December 31, 2015.

Common Stock

On January 22, 2015, the Company's Board of Directors approved a new proposal to supersede previous increase in authorized capital stock plans. It was decided for the Company to apply for an increase of 800,000,000 shares at ₱1 par value per share. (*i.e*., 1,320,000,000 shares to 2,120,000,000 shares). The SEC approved the Company's application to increase its authorized capital stock on December 17, 2015.

On April 29, 2016, the Company's Board of Directors approved the increase of the authorized capital stock of the Company from 2,120,000,000 shares at one peso (₱1.00) par value per share to 3,000,000,000 shares at one peso (₱1.00) par value per share. The Board of Directors also approved the conversion into equity of the advances from Velarde, Inc. amounting to ₱264,000,000. The Company is in the process of filing an application to increase its authorized capital to ₱3,000,000,000 with the SEC.

On September 2, 2016, the Company's Board of Directors approved the amendment in the Articles of Incorporation of the Company to reclassify sixty (60) million unissued common shares to redeemable, convertible, non-participating and non-voting Peso-denominated preferred shares, with or without detachable warrants, with a par value of one peso (₱1.00) per share. On November 8, 2016, the stockholders of the Company representing two-thirds (2/3) of its outstanding capital stock approved the amendment.

On January 6, 2017, the Company filed an application with the SEC for the approval of the said amendment.

This was approved by the SEC on January 10, 2017.

Deposit for Future Stock Subscription

Deposit for future stock subscription of the Group as at December 31, 2016, amounted to ₱264.00 million compared to end-December 2015 nil balance.

On April 29, 2016, the Company's Board of Directors approved the increase of the authorized capital stock of the Company from 2.12 billion shares at ₱1 par value per share to 3.00 billion shares at ₱1 par value per share. The Board of Directors also approved the conversion into equity of the advances from Velarde, Inc. amounting to ₱264.00 million at a conversion price of ₱1.22 per share computed on the volume-weighted average price of the Company's shares for a 30-day trading period ending April 14, 2016. On June 2, 2016, the stockholders of the Company approved the said increase in the Company's authorized capital stock. As of December 31, 2016, the Group presented the deposit for future stock subscription amounting to ₱264.00 million as part of equity.

On June 7, 2018, the stockholders unanimously affirmed their approval, made at the June 2, 2016 annual stockholders' meeting, authorizing the conversion into equity of the ₱264.00 million advances from Velarde, Inc., at the conversion price computed based on the daily average of the Volume-Weighted Average Price of the Company's shares for a 30-day trading period ending April 14, 2016 at a conversion price range of between ₱1.50 to ₱1.70 per share. The Board of Directors was given the delegated authority to finalize the conversion price within the range approved by the stockholders.

The Company is in the process of filing an application to increase its authorized capital to ₱3.00 billion with the SEC.

Non-Controlling Interest

As at December 31, 2016, non-controlling interest (equity) remained almost flat at negative ₱5.13 million.

Deficit

The Group's deficit level as at December 31, 2016 amounted to negative ₱427.95 million, lower by 0.58% or ₱2.50 million compared to the deficit amount of negative ₱430.45 million as at December 31, 2015.

As of March 31, 2018

Total Consolidated revenues in the first quarter of 2018 is Php33.845 Million, increased by 3.39% or Php1.110 Million from last year's first quarter revenue of Php32.734 Million. The increase is due to the increase in Broadband Revenue from Php 3.994 Milion last year, it goes up to Php 9.599 Million this year. Also, Service Revenue decrease by Php2.39 million from last year figure of Php9.777 million, it amounted to Php7.382 million in 2018 first quarter. Service revenues pertains mainly to fees or income earned from the deployment by the Company of professionals to its clients to render IT-related solutions and services.

Cost and Expenses for the first quarter of 2018 is Php28.852 Million, which is a decrease from last year's cost and expense of Php31.722 Million. This was brought about by decrease in cost of sales and services of Php 4.314 million from Php13.377 million in 2017 to Php 9.063 in 2018. Other expenses which has a significant increase are Salaries and other benefits which has a Php3.089 million increase, rental which has a Php1.780 million increase and representation expense which has an increase of Php0.672 million.

As of March 31, 2018, the total consolidated assets of the Company stood at Php1.748 Billion compared with last year's Php1.547 Billion or an increase of Php174.667 Million. Current Assets increased by Php166.942 Million or 73.21% from Php228.028 Million 2017 to Php394.970 Million in 2018. This was due to the increase in Trade and other receivables by Php 66.476 Million, from last year's Php116.600 Million, increased to this year's Php 183.076 Million, Amounts owed to related parties increased by Php63.235 million from last year's Php 77.073 increased to this year's Php 140.309 Million. Other current assets increased by Php23.357 million. Cash increased by Php 13.874 Million, from Php5.414 Million in 2017 it increases to to Php 19.289 Million in 2018. Non-Current Assets increased to Php1.354 Billion from last year's Php 1.346 Billion.

Current liabilities increased by Php164.770 Million or 73.75% from Php223.409 Million in 2017 to Php388.179 Million in 2018. Accounts Payable and accrued expenses increased by Php6.553 Million or 5.33%, from Php123.036 Million in 2017 it increased to Php129.589 Million in 2018. Loans payable – current portion increased by Php 50.00 Million due to a short term loan with a local bank amounting to Php50.000 million received during January 2018.

On December 9, 2013, the bank has approved the conversion of the short-term loans in the amount of Php44.5M into a two-year term loan. The principal balance of the loan is payable on January 19, 2016. This was paid in June 2016.

On December 22, 2016, the Company availed a chattel mortgage amounting to Php564K from a local universal bank for the purchase of a vehicle, which serves as the property mortgage. The new loan requires 60 monthly repayments until November 23, 2021.

On January 2018, the Company availed a short term loan amounting to Php50 million with an interest rate of 4.80% from a local universal bank to be used in operations. The loan together with interest will mature on July 27, 2018.

As of March 31, 2018, the total Assets stood at Php1.749 Billion, Liabilities at Php389.540 Million and Equity at Php1.359 Billion.

KEY PERFORMANCE INDICATORS

The following are the major performance measures as of and for the year ended December 31, 2017, 2016 and 2015.

	December 31, 2017	**December 31, 2016**	**December 31, 2015**
Current Ratio(1)	1.02	1.01	0.36
Debt Ratio(2)	0.19	0.13	0.28
Debt to Equity Ratio(3)	0.23	0.15	0.38
Return on Equity(4)	0.46%	0.19%	0.48%
Net Profit Margin(5)	4.22%	2.37%	4.54%
Operating Profit Margin(6)	6.05%	4.99%	6.76%
Gross Profit Margin(7)	42.40%	46.27%	34.48%
Return on Assets(8)	0.38%	0.16%	0.35%

(1) Current Ratio is a general and quick measure of a company's liquidity. It represents the ratio of all current assets to all current liabilities.
(2) Debt Ratio compares a company's total debt to its total assets, which is used to gain a general idea as to the amount of leverage being used by a company.
(3) Debt to Equity Ratio is a measure of leverage, or the relative amount of funds provided by lenders and owners.
(4) Return on Equity is a profitability ratio that measures the ability of a firm to generate profits from its shareholders investments in the company.
(5) Net Profit Margin is the percentage of revenue remaining after all operating expenses, interest, taxes and preferred stock dividends (but not common stock dividends) have been deducted from a company's total revenue.
(6) Operating Profit Margin indicates how much profit a company makes after paying for variable costs of production.
(7) Gross Profit Margin is a baseline profitability ratio measurement against total sales revenue.
(8) Return on Assets is the ratio of annual net income to average total assets of a business during a financial year.

The Company holds high level of current liability relative to its current assets. The Company's current liabilities for the year ended December 31, 2017 and year ended December 31, 2016 are mostly composed of amounts due to related parties, of which a significant portion pertain to shareholder advances from Velarde, Inc. These current liabilities do not necessarily increase the risk of the Company being unable to pay its short-term financial obligations because the advances are subject to flexible terms.

The Company's current ratio improved from 0.36:1 as of December 31, 2015 to 1.01:1 as of December 31, 2016. This is due to the increase in revenues brought by the last quarter of 2016 which drove a higher level of current assets that further improved the Current Ratio of the Company. However, the Company's current ratio has a minimal increase from 1.01:1 as of December 31, 2016 to 1.02:1 as of December 31, 2017. This is due to minimal movements in the Group's current assets and current liabilities.

The Company had an increase in its Net Profit Margin for the year ended December 31, 2017 as compared to 2016 due to a higher revenue relative to the Company's cost of sales and services for the year, resulting to an increase in net profit margin. Net profit margin for the year ended December 31, 2017 and 2016 were 4.22% and 2.37%, respectively.

The Company's Return on Equity for the year ended December 31, 2017 and for the year ended December 31, 2016 was at 0.46% and 0.19% respectively, due to the increase in Net Income and Total Assets for 2017 as compared to 2016. Company's Return on Equity for the year ended December 31, 2015 was 0.48%.

The 2017 and 2016 Current Ratio stood only at 1.020x and 1.014x; 2017 and 2016 Return on Equity stood at 0.46% and 0.19%; and 2016 Net Profit Margin stood at 2.37% stands on the back of the following medium-term expansionary efforts of NOW Corporation:

1. Renewal and provision of a Tri-Mega Cellular Mobile Telephone System (CMTS) franchise for NOW Telecom by the Philippine Congress as of February 22, 2018
2. Business expansion of NOW Corporation in the Telecommunications, Media and Technology (TMT) industry as seen through the emphasis of investments in high-speed broadband internet services.
3. Improving financial conditions of NOW Corporation as seen through improving revenues and net income of the Company.

A further analysis indicates that NOW Corp.'s acid test ratio stood at 0.870x and 0.976x; it's Asset to Debt Ratio stood at 5.291x and 7.825x; while its Debt to Asset Ratio stood at 0.189x and 0.128x, in 2017 and 2016 respectively.

<u>As of March 31, 2018</u>

		31-Mar	
		2018	**2017**
Liquidity	Current Ratio	1.017	1.021
Solvency	Debt to Equity Ratio	0.286	0.166
Equity	Asset to Equity Ratio	1.286	1.166
Interest	Interest Rate Coverage Ratio	23.446	73.52
Profitability	Profit Margin	73.22%	57.28%
	Return of Assets	0.0020%	0.0006%
	Return of Equity	0.0025%	0.0007%
	Book Value per share	0.896	0.890
	Earnings per share	0.0023	0.0007

The Financial Indicators are computed as follows:

Liquidity: Current Ratio = Current Assets/Current Liabilities

Solvency: Debt to Equity Ratio = Total Liabilities/Total Stockholders' Equity

Equity: Asset to Equity Ratio = Total Assets/Total Stockholders' Equity

Interest: Interest Rate Coverage Ratio = Earnings Before Interest and Taxes/Interest Expense

Profitability: Profit Margin %: Profit margin = Gross Profit/Total Revenue x 100

Return on Assets %: Return on assets = Net Income/Total Assets x 100

Return on Equity % = Net Income/Total Stockholders' Equity x 100

Book Value per share = Total Stockholders' Equity/Average Outstanding Shares

Earning per share = Net Income/Average Outstanding Shares

There are no known trends, demand, commitments, events or uncertainties that will have a material impact on the Company's liquidity, nor any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations. There are no significant elements of income or loss that did not arise from the Company's continuing operations.

There are no material changes from period to period of the financial statements which include vertical and horizontal analyses of any material item.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

As the business volume builds up progressively, the Company also plans to beef up its organization by engaging the right talents particularly to join the telecommunications, media, information technology and product development and marketing teams. The Company plans to spend around PhP30 million to PhP40 million in the next two (2) years for capital expenditures in connection with the launch of its new products and services.

There is no seasonality or cyclicality of the interim operations of the Company.

INDUSTRY OVERVIEW

The information has been derived in part from publicly available government sources, market data providers and other independent third party sources. The Company believes that the sources of information contained in this section are appropriate sources for such information and have taken reasonable care in reproducing such information. The Company has no reason to believe that such information is false or misleading. The information set out in this section has neither been prepared or independently verified by the Company, the Underwriter or any of their respective affiliates or advisors nor do they give any representations as to its accuracy and the information should not be relied upon in making, or refraining from making, any investment decision.

INFORMATION TECHNOLOGY

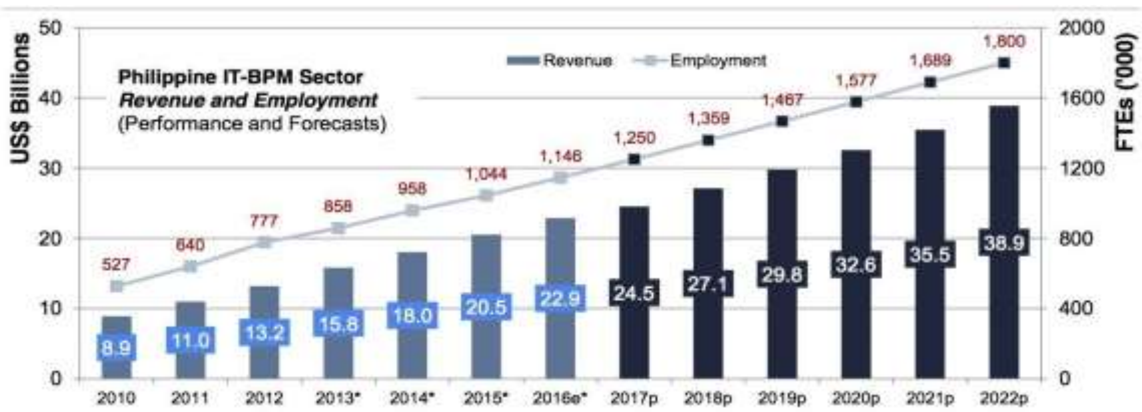
The IT Industry in the Philippines

The Philippines has a strong economic growth outlook, along with low penetration of devices and solutions. The BMI Research Groups predict a period of strong IT spending growth over the medium term. Based on their research, the software and services outlook is robust based on investments by enterprises that are looking to expand and modernize. IT spending in the Philippines will include cellular phones or “smart phones”, followed by midrange enterprise services, networking equipment, broad IT services and software needs. However, there is a weaker hardware outlook due to a squeeze in retail personal computer demand from the increasing number of Filipinos that are becoming accustomed to smart phones as the only devices through which they access the internet.[8]

The Information Technology and Business Process Management Industry in the Philippines

The IT industry remains to be the country’s fastest growing sector breaching the target revenue of US$ 21 billion in 2015 and providing over 1.1 million direct employment to Filipinos. This includes the IT-Business Process Outsourcing as well as IT Outsourcing. By the end of 2016, the industry is expected to generate around US$ 25 billion in revenue, accounting for an estimated 8% of total GDP.

Based on the 2016-2022 Philippine IT-BPM Road Map, the Philippine IT-BPM Sector has the potential to reach US$ 39 billion in revenue and generate 1.8 million full-time employees (“FTE”) by 2022 given the right enabling conditions such as upgraded talent ecosystem, maintained competitive incentives and regulations, development of infrastructure in the next wave cities, sustained high business confidence, pivot to higher value services and strengthened industry association. A significant advantage for this continued growth is the core competency of the Philippine workforce in English proficiency.[9]

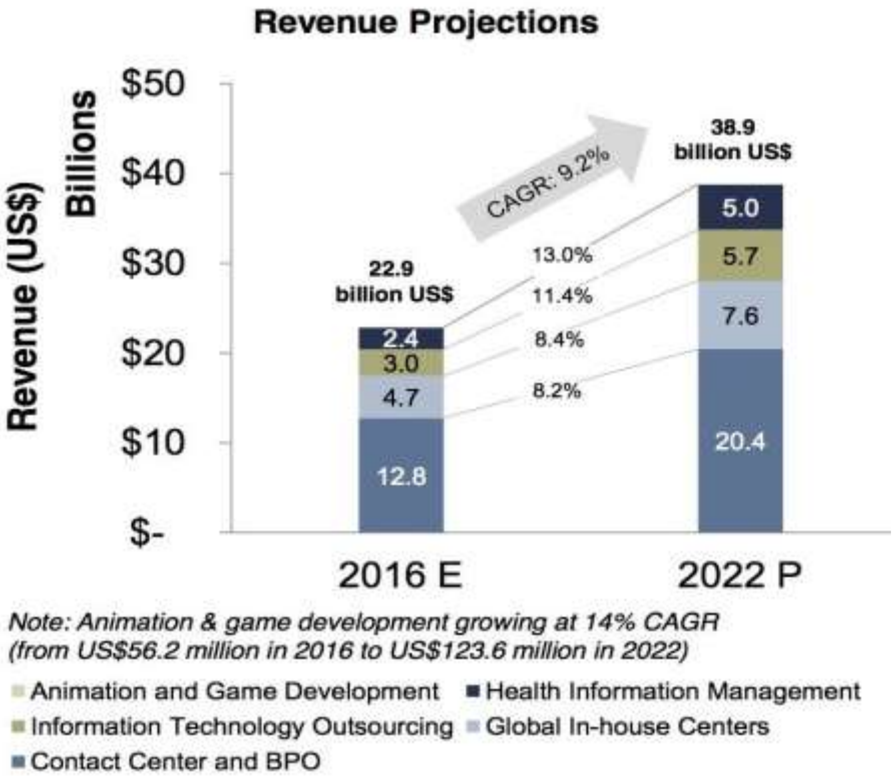


Source: 2016-2022 Philippine Information Technology and Business Process Management (IT-BPM) Road Map citing IBPAP (2016).

8 Philippines Information Technology Report, Executive Summary, BMI Research Group (2016).
9 2016-2022 Philippine Information Technology and Business Process Management (IT-BPM) Road Map.

Globally, India and Philippines are considered leaders in this industry. India stands as the world leader in the IT-BPM industry because of its large talent pool, good IT infrastructure and service capabilities. However, the Philippines stands as a strong participant, more particularly in the voice BPM sector due to its high adaptability to Western culture and for its competitive advantage in language and service orientation. Moreover, real estate costs present an added cost advantage compared with other countries' IT-BPM centers. With these inherent advantages, the Philippine IT-BPM industry has grown rapidly over the last roadmap period (2010-2016) creating positive impact to the economy. The industry has participated in significant socio-economic contributions such as capturing 9% of the country's GDP including indirect and induced multiplier impact, creating additional jobs for every direct FTE employed, facilitated inclusive growth through job creation outside the national capital region and small or medium enterprises formation, significant income multiplier by creating $0.54 centavos for every dollar revenue and creating strong links to other economic sector such as retail, banking, real estate and transportation.[10]

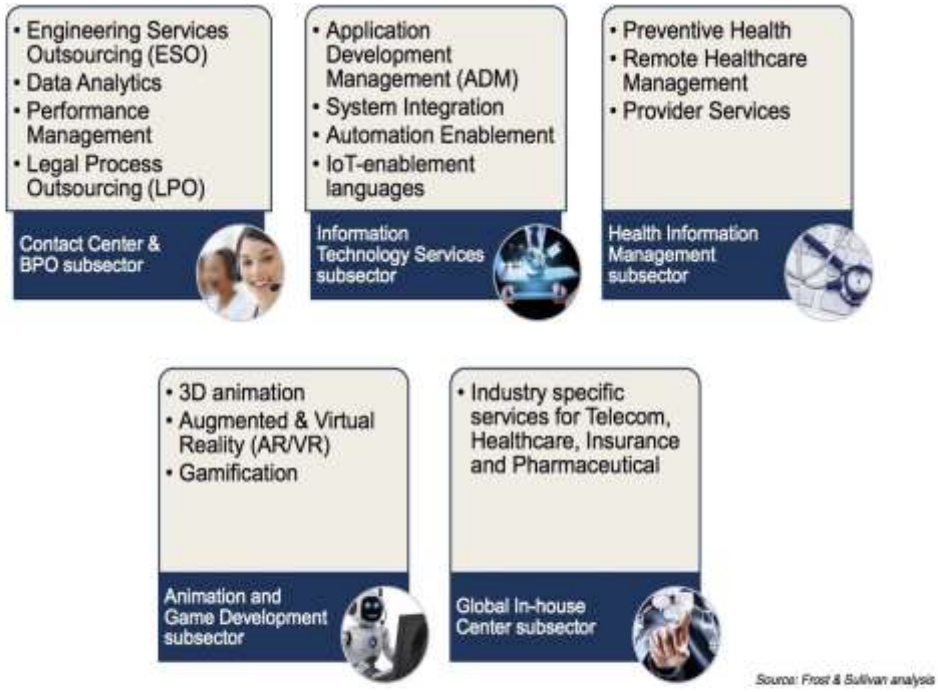
The IBPAP expects the IT-BPM sector to continue to see strong growth in revenue for the next six year roadmap period (2016-2022), albeit at a slower pace compared to the previous period. Revenues will grow at a slower growth rate but on a larger base and in a backdrop of slower global growth in the sector. Global sector growth is estimated to be at 5.6%. The Philippine share of the global market is estimated to increase from 12.7% to 15.5%.[11]



Source: 2016-2022 Philippine Information Technology and Business Process Management (IT-BPM) Road Map citing IBPAP (2016).

It is estimated that the following high value services will contribute to revenue growth for the following years, helping the Philippines increase its value curve.

10 Ibid.
11 Ibid.



Source: 2016-2022 Philippine Information Technology and Business Process Management (IT-BPM) Road Map citing IBPAP (2016).

Overall, it is foreseen that the convergence of technological developments will form three major trends that will have an impact on the IT-BPM sector.[12]

First, the convergence of big data analytics, internet of things along with expanded computing power and storage will push for an organization that uses technology as a competitive advantage in its internal and external operation, thus potentially redefining its business model, processes and customer interface. This will likely result in a wider array of outsourced services.

Second, the emergence of automation and artificial intelligence with the combination of technologies such as robotics, process automation, artificial intelligence and machine learning will enable organizations to achieve higher levels of efficiencies by automating entire or partial workflows and processes. The application of this will vary from collecting and analyzing data to enabling basic customer response and possibly even complex tasks.

Lastly, the creation of new delivery models such as the delivery of IT services hosted over the internet will transform computer resources into a utility. This allows resources to be measured at a granular level, allowing users to pay per use for the resources and workloads they use. An example of this is the cloud services which facilitates mobility by allowing employees, especially remote workers to access data or their files from anywhere and anytime.

On the other hand, manpower growth for the sector is projected to be at 7.8% CAGR between 2016 and 2022 as compared to the previous period of 14% between 2010 and 2016. This slower growth rate can be attributed to technology-enabled shifts to higher value jobs. However, the slower growth rate in manpower, as compared to revenue, indicates an increase in revenue or FTE which is a manifestation of progress in the value chain. It is estimated that low skilled IT-BPM jobs will be adversely affected by job replacements due to automation. Nevertheless, despite this downside, there is still a potential increase of 654,000 net new jobs to be generated. It is estimated that jobs requiring high skilled tasks will generate 19% CAGR growth. Thus, the IT-BPM sector will continue to be a significant generator of employment creating 1 in 7 jobs in the economy. Employment creation will continue to be diversified, with regions outside the national capital region seeing higher growth assuming availability of talent.[13]

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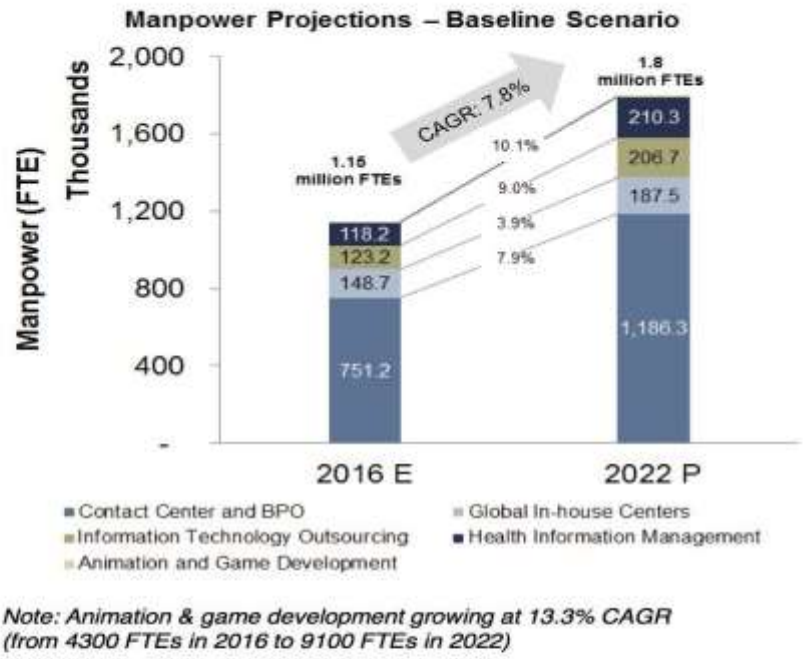
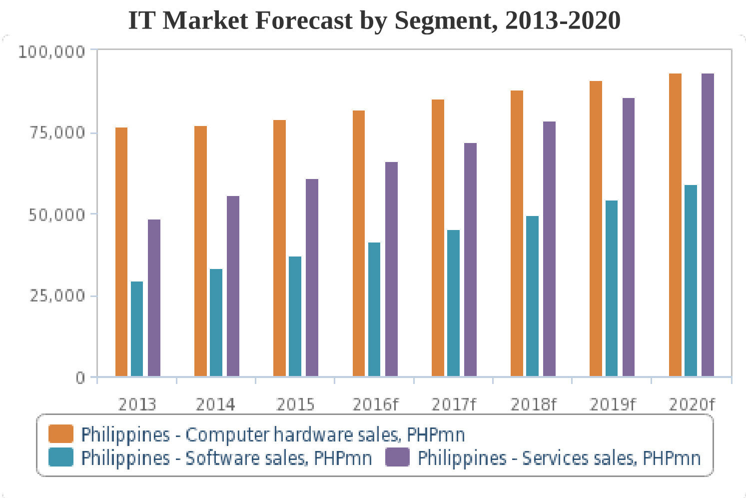
[12] Ibid.
[13] Ibid.



Source: *2016-2022 Philippine Information Technology and Business Process Management (IT-BPM) Road Map citing IBPAP (2016).*

Latest Updates and Industry Developments in the ICT Industry:

- *Computer Hardware Sales:* ₱81.7 billion in 2016 to ₱93.6 billion in 2020 at a CAGR of 3.4%. Purchasing power growth is a positive but there is downside from Filipinos bypassing the personal computer era following the rapid expansion of smart phone ownership in 2015 and 2016.
- *Software Sales:* ₱41.3 billion in 2016 to ₱59.1 billion in 2020 at a CAGR of 9.3%. Core application spending growth potential as large enterprises modernize and cloud supply with more flexibility pricing deepens the small and medium enterprises potential.
- *IT Services Sales:* ₱66.3 billion in 2016 to ₱93.5 billion in 2020 at a CAGR of 9.0%. Adoption of outsourcing and cloud computing technologies by the public and private sectors as well as traditional services spending growth will drive the segment through to 2020.[14]

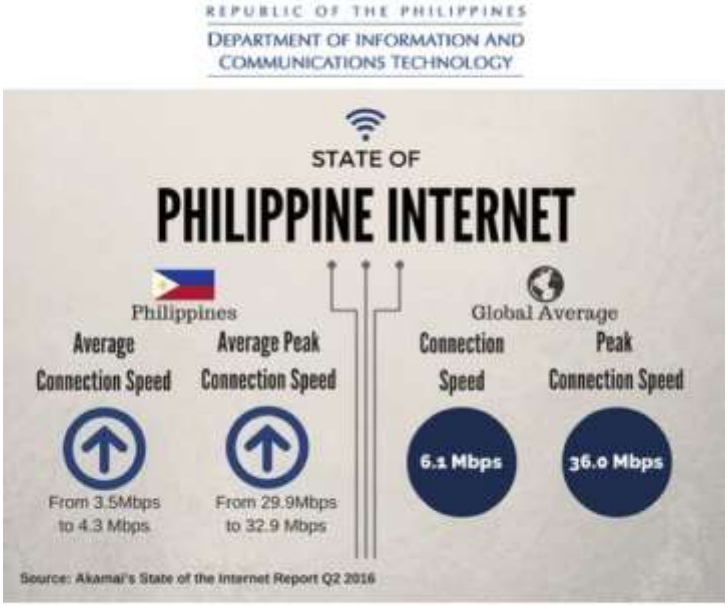


Source: Philippines Information Technology Report, BMI Research.

[14] Philippines Information Technology Report, Executive Summary, BMI Research Group (2016).

BROADBAND INDUSTRY

Philippine Broadband Industry Overview



In the Philippines, the internet is considered an enhanced or VAS. By law, the provision of internet service is anchored on the telecommunications networks owned and controlled by private telecommunication operators. The telecommunication companies' network infrastructure consists of the international connectivity, through fiber optic, submarine cables or communications satellites, international gateway facilities and cable landing stations, backhaul or "middle mile," and the "last mile."[15]

For the past years, internet access in the Philippines has progressed but at a much slower pace compared to its ASEAN neighbors. As of 2014, internet use by Filipinos was estimated at 44 million out of the 100 million of the total population – either through subscription or shared access. Broadband access is much lower, estimated at 22.9 per 100 Filipinos in 2013. Based on the United Nations Broadband Commission in 2013, it estimated fixed broadband subscription at 2.6 per 100 Filipinos and mobile broadband at 20.3 per 100 Filipinos. However, the same report revealed a huge increase in broadband subscription the following year, with fixed broadband subscription accelerating to 23.3 per 100 capita while mobile broadband was pegged at 28.0 per 100 capita. As of 2014, there are 51.2 million Filipino broadband subscribers. This indicates a higher number than the estimated total number of internet users in the country for the same year.[16]

At present, there are two major players in the industry. PLDT and Globe, the country's largest internet service providers, own and control most of the existing internet infrastructure – from the submarine cables, the landing stations, the backhaul network up to the last mile. As such, these players also dictate access to and the cost and quality of internet and broadband service in the Philippines for both fixed and mobile. Moreover, much of the country's internet service is still dependent on the legacy copper network of telecommunication companies from the landline era, and only a small portion of internet users have direct fiber connection. More often, fixed broadband services are bundled with landlines, and are concentrated in the densely populated and commercially viable urban areas.[17]

Indeed, the Philippine telecommunications market has been tagged as "less competitive" and "effectively a duopoly" by various analyses. Moreover, these key players have full control of the landing stations, where submarine cables beach once they reach Philippines shores, and backhaul networks that connect to the in-land domestic link. There are nine (9) operational submarine cables landing in the Philippines. PLDT has investments

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[15] Philippine Broadband: A Policy Brief, Mary Grace Mirandilla-Santos, Arangkada Philippines Association, February 2016 at page 2.
[16] Ibid at 2.
[17] Ibid at 3.

in six and Globe in two cables. Telstra Corporation Limited owns the only non-incumbent controlled submarine cable that lands in Cavite and Batangas. When buying bandwidth capacity, about 75% of the cost is reportedly in the backhaul network, a segment dominated by PLDT and Globe. International bandwidth providers need to enter into a commercial agreement with local telecommunications companies in order to sell bandwidth to local clients. They are able to make money only because they can adjust their own price and sell capacity very cheaply from the source. To illustrate, a 10 Gbps capacity from a 15-year indefeasible right of use would be very cheap when sourced from abroad but will quickly become expensive once the transaction takes place inside the Philippines.

As compared to the Philippines, companies in other countries have adopted different technologies and measures to remain competitive in the industry. In the United States (U.S.), two U.S.-based firms namely, Webpass and Vivant, are using Fiber-in-the-Air technology for its broadband deployment. Webpass is a Google Fiber company based in San Francisco, California. In June 2016, Google announced its purchase of Webpass, a thirteen-year old wireless internet service provider based in San Francisco that is using a Point-to-Point and Point-to-Multipoint Radios in connecting businesses. The buy-out of Google Fiber into Webpass came at a time when Google's financial health was under scrutiny – not to mention delayed in laying down fiber optic around the U.S. The strategy of Google Fiber is hybrid – with wireless playing a crucial role to becoming "the last mile" and connecting clients. To date, Webpass is present in San Francisco, San Diego, Miami, Oakland, Chicago and Boston. On the other hand, Vivant, a company based in Utah, U.S., offers a cloud-based platform and integrates a range of wireless features and components including home automation, home security, rooftop solar panels, energy management and broadband access. As opposed to Webpass, which focuses more on businesses and multi-unit residential building in big cities, Vivant's strategy is focused more on single-detached homes. A crucial element in Vivant's strategy are their hubs or "hub homes" in which Vivant uses the rooftop of partner homes to deliver the bandwidth to nearby houses. A hub home has three antennas on its rood. One connects one to the tower and the other two are access points that use airwaves to serve broadband to up to 24 homes within a 1,000-foot radius. Each access point has a 180-degree signal availability.

In a global setting, Philippine broadband is considered one of the slowest in the Asia Pacific. In Akamai's State of the Internet report Q2 2016, the Philippines recorded the second slowest average connection speeds at 3.6 Mbps in the Asia Pacific, besting only India. The country has been constantly out performed by its ASEAN counterpart such as Indonesia, Thailand, and Malaysia. However, as compared to India, the Philippines hopes to enjoy faster speeds as the two major network service providers in the country announced the procurement of additional wireless spectrum that is expected to boost internet service speeds at lower costs.[18]

Global Rank	Country/Region	Q2 2016 Avg. Mbps	QoQ Change	YoY Change
1	South Korea	27.0	-7.2%	17%
3	Hong Kong	19.5	-1.9%	15%
8	Singapore	17.2	4.5%	27%
9	Japan	17.1	-5.7%	5.1%
15	Taiwan	15.6	5.0%	51%
26	Thailand	13.7	27%	63%
42	New Zealand	10.6	0.7%	26%
51	Australia	8.5	-3.0%	6.8%
68	Malaysia	6.8	7.1%	36%
79	Indonesia	5.9	29%	148%
80	Sri Lanka	5.7	5.6%	7.2%
86	China	5.2	23%	52%
88	Vietnam	5.1	2.3%	58%
100	Philippines	4.3	24%	37%
113	India	3.6	3.2%	54%

Figure 23: Average Connection Speed (IPv4) by APAC Country/Region

Global Rank	Country/Region	Q2 2016 Peak Mbps	QoQ Change	YoY Change
1	Singapore	157.3	7.1%	44%
2	Hong Kong	114.3	3.6%	21%
3	South Korea	110.1	6.3%	33%
7	Indonesia	91.9	-17%	355%
8	Taiwan	88.8	6.9%	23%
9	Japan	85.3	0.9%	14%
15	Thailand	77.6	11%	42%
47	New Zealand	53.8	8.0%	32%
56	Australia	51.1	16%	24%
57	Malaysia	51.0	10%	39%
63	Sri Lanka	43.9	24%	37%
82	Vietnam	37.1	8.9%	63%
85	China	35.4	14%	92%
94	Philippines	32.9	9.8%	28%
109	India	26.1	2.5%	42%

Figure 24: Average Peak Connection Speed (IPv4) by APAC Country/Region

Source: Akamai's State of the Internet Report Q2 2016.

In 2016, the Philippines enjoyed the strongest growth in the Asia-Pacific region with a 79% quarterly gain in 4 Mbps broadband adoption.

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[18] Akamai's State of the Internet, Q2 2016 Report.

Global Rank	Country/Region	% Above 4 Mbps	QoQ Change	YoY Change
3	South Korea	97%	-0.5%	0.7%
5	Thailand	96%	0.1%	5.1%
16	Hong Kong	93%	-0.3%	0.5%
18	Taiwan	93%	0.5%	3.4%
20	Singapore	93%	1.7%	8.0%
24	Japan	92%	-0.2%	1.8%
32	New Zealand	90%	-0.7%	2.7%
47	Sri Lanka	83%	18%	8.9%
64	Australia	75%	-3.1%	1.5%
70	Malaysia	66%	-3.2%	22%
71	Indonesia	66%	43%	672%
75	China	63%	44%	128%
79	Vietnam	57%	4.2%	80%
97	Philippines	33%	79%	116%
106	India	25%	6.6%	129%

Figure 25: 4 Mbps Broadband Adoption (IPv4) by APAC Country/Region

Global Rank	Country/Region	% Above 10 Mbps	QoQ Change	YoY Change
1	South Korea	79%	-5.3%	7.1%
2	Singapore	67%	3.2%	34%
4	Hong Kong	66%	-0.3%	6.3%
6	Japan	65%	-1.1%	8.4%
14	Thailand	59%	50%	195%
16	Taiwan	58%	1.7%	84%
41	New Zealand	33%	0.8%	65%
49	Australia	22%	-4.9%	23%
58	Malaysia	16%	38%	258%
67	Indonesia	8.2%	178%	1292%
70	Vietnam	6.4%	32%	1389%
72	India	5.4%	11%	251%
74	Philippines	5.0%	86%	683%
76	China	4.3%	107%	259%
–	Sri Lanka	6.2%	37%	95%

Figure 26: 10 Mbps Broadband Adoption (IPv4) by APAC Country/Region

Source: Akamai's State of the Internet Report Q2 2016

Philippine broadband service is one of the most expensive in the world. According to Ookla, in Q4 2014, the Philippines offered the second most expensive retail internet services out of the 62 counties that were ranked. Meanwhile, in LIRNEasia's broadband QoSE study in Q1 2014, it is reported that Philippine internet service providers offered the lowest value for money – in terms of actual download speed experienced by customers vis-à-vis the cost of monthly data plan – as compared to their counterparts in South and Southeast Asia. Also, a recent TechInAsia survey showed that 1 Gigabytes ("GB") of data is costly in the Philippines priced at $7.10 as compared to other ASEAN countries. Looking at the real price of data services vis-à-vis the purchasing power of internet users, the survey showed that a typical Filipino minimum-wage estimated at $0.69 per hour earner needs to log in over 10 hours of work to afford 1 GB. This makes the Philippines second worst in ASEAN in terms of internet accessibility and affordability. Moreover, bandwith services are more affordable in neighboring countries, such as Vietnam, Indonesia, Malaysia and Thailand as compared to the Philippines.

Key stakeholders agree that the Philippine telecommunications sector will benefit from the entry of new players, both domestic and foreign, and will boost effective competition. Several past reforms that introduced liberalization and competition have proven that the entry of new players can reinvigorate the market, promote better services, and lower prices due to competing providers that will ultimately benefit consumers.

REPUBLIC OF THE PHILIPPINES

DEPARTMENT OF INFORMATION AND COMMUNICATIONS TECHNOLOGY

Mobile Connectivity

Asia Pacific Region

Seq.	Country	Q2 2016 Avg. Mbps	Q2 2016 Peak. Mbps
1	South Korea	11.1	67.6
2	New Zealand	9.8	97.7
3	Japan	9.5	93.2
4	Taiwan	9.3	59.4
5	Australia	8.9	171.2
6	Philippines	8.5	105.1
7	Singapore	8.1	61.3
8	Indonesia	6.9	46.3
9	China	6.7	32.4
10	Thailand	5.8	127.7
11	Hong Kong	5.7	50.3
12	Sri Lanka	5	46.2
13	Malaysia	3.4	31.8
14	India	3.3	19.5
15	Vietnam	2.8	29.7

* Fewer than 25,000 unique IPv4 addresses classified 2016

Source: Akamai's State of the Internet Report Q2 2016

The Philippine Fixed Broadband Market

The Philippine telecommunication market is distinctive: (1) it is one of the few countries in the world where telecommunication services have historically been operated by private entities, (2) innovative regulatory requirement laid out in the mid 1990s that called for mobile and international telecommunication operators to install a specific number of fixed lines; (3) the explosive growth of mobile, making the nation among the first where mobiles surpassed fixed telephone lines.

Key Statistics:

BROADBAND STATISTICS	
Total broadband subscribers[1]	10.27 million
Broadband penetration	10%
Broadband household penetration (e)	14%

Note: [1]includes all types of both fixed and mobile broadband services.
Note: [2]some sources report higher figures for these indicators

MOBILE STATISTICS	
Mobile subscribers	127.2 million
Annual growth	8%
Mobile penetration	125%
Major mobile operators	• Smart (including Sun Cellular since 2011) • Globe Telecom

Source: Paul Budde Communication Pty. Ltd., Philippines – Telecoms Infrastructure, Operators, Regulations – Statistics and Analyses

The Philippine fixed broadband market is underpenetrated with a low penetration rate of 10% compared to 30% in developed countries. Broadband market revenue is expected to grow at a CAGR of 21% in the next five years as demand for data increases.

It is estimated that by 2020, internet penetration per 100 people in the country is expected to be at 72.7 and broadbroad subscriptions per 100 people is expected to increase to 32.3, from 25.8 in 2015. This will allow the country's geographically dispersed population more access to the digital world.[19]

The Market

The Philippine fixed wired and fixed wireless services have seen a rapid increase for the past years with players in the local telecommunication market starting to invest in the expansion of broadband access and looking at both wired and wireless broadband platforms to provide coverage, as well as looking forward to next generation offerings to deliver value added service to customers. The demand for broadband services was continuing to ramp up, underpinned by the rising availability of personal computers in the country. Despite declining prices in fixed and mobile broadband, however, the service was still not generally affordable for the majority. The broadband penetration rate of around 8% in early 2015 recognized this; at the same time the growth potential for the industry players is enormous.[20]

The Philippines is still very much a youth market with more than 60% of the population aged 15 to 64 and a median age of 23 years. Most operators are targeting the youth market in their campaigns. There has also been an increased focus by the operators on creating local content and targeting the youth market through innovative applications.[21]

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19 Competitiveness: The continuing journey towards inclusive growth – The Philippines. Navarro Amper & Co., August 2016 at pages 22-23.
20 Paul Budde Communication Pty. Ltd., Philippines – Telecoms Infrastructure, Operators, Regulations – Statistics and Analyses.
21 Ibid.

BUSINESS

NOW Corporation is an IT company primarily engaged in the business of providing telecommunications, media and information technology products and services under its three key operating business segments, namely: (i) Software Licenses and Services; (ii) IT Manpower and Resource Augmentation; and (iii) Broadband and Wireless Cable TV Services. The Company's diverse products and services portfolio include software application development and maintenance, collaboration software solutions, web integration, web and mobile applications development, technical and maintenance services, IT manpower and resource augmentation, project implementation and management, managed services outsourcing, and fixed wireless broadband services, among others. The Company also offers value-added services through partnerships with companies licensed to provide wired and wireless, fixed and mobile communications and cable TV services.

Originally incorporated on June 5, 1996 as MF Schroder & Co. Inc., the Company was initially engaged in the purchase and sale of securities. In 1998, the Company was renamed to MFS Markets, Inc. and thereafter to Cashrounds Inc. in 2002. The primary purpose of the Company then was to engage in the business of securities brokerage relating to the sale, transfer or exchange of every description of shares of stock and bonds, and to execute such transactions with the use of information technology. After a series of restructuring, which included venturing into diversified businesses by transitioning to telecommunications, media and information technology sector, the Company later on changed its corporate name to ICTV as approved by the SEC on September 19, 2006. Thereafter, the Company added professional and manpower services in its portfolio through a subsequent amendment of its secondary purpose which the SEC approved on August 25, 2011. On August 16, 2013, the SEC approved the Company's change of name to its current corporate name, NOW Corporation. The Company has since grown into a telecommunications, media and information technology, with an extensive portfolio of services.

Over the past years, the Company has collaborated with top corporations in setting-up their business productivity solutions. The Company has a growing roster of combined clients for its Software Licenses and Services and IT Manpower and Resource Augmentation business segments which include financial and banking institutions, namely Maybank ATR Kim Eng Capital Partners, Inc., China Banking Corporation, Metropolitan Bank and Trust Company, and BDO Unibank, Inc.; major power generation company Manila Electric Company; major food company, Golden Arches Development Corporation; pharmaceutical company Unilab Laboratories, Inc.; health and insurance provider Sunlife Canada (Philippines) Incorporated; real estate and property developer giants, namely Ayala Land, Inc., SM Development Corporation, and Phinma Properties Holdings Corporation; media, broadcasting and advertising companies, namely Skycable Corporation, Publicis Groupe, Philippine Daily Inquirer, Inc., and the Philippine Star; and government agencies and international organizations, namely the Department of Tourism, Department of Trade and Industries, Philippine Supreme Court, Office of the President, Bangko Sentral ng Pilipinas, United Nations Educational, Scientific and Cultural Organization and United Nations Children's Fund.

From 2014 to 2015, the Company was hailed as the "Number One Software Collaboration Business Partner in the Philippines" by IBM, a Fortune 500 multinational information technology and consulting company, and one of the world's top providers of computer products and services. IBM has been the Company's partner in delivering its collaboration software solutions since 2010.

As a testament to the Company's proven track record in delivering Software Licenses and Services as well as IT solutions, BDO Unibank, Inc, the country's largest bank, tapped the services of the Company to install and maintain 24,000 IBM Domino electronic mail platform. Through the Company's service delivery team, the email platform was made available on-premise, web, mobile and tablets.

The Company also provides high-value IT solutions and services such as applications development, system administration, and website and mobile application development.

Recently, the Company expanded its service offerings with the introduction of its "Fiber-in-the-Air" fixed wireless broadband service of up to 700 Mbps CIR, a first of its kind in the Philippines, which caters to enterprises including commercial and residential buildings in Metro Manila. Through its partnership with NOW Telecom and Newsnet, a wireless telecommunications operator and a cable TV service provider, respectively, the Company offers an affordable, alternative and high-speed broadband service of up to 700 Mbps and wireless cable TV services to the underserved and unserved large enterprises such as schools, hospitals, hotels, high-end residential buildings, and commercial buildings with multiple BPO locators. Currently, the Company's client broadband subscription ranges from 5 Mbps to 100 Mbps, which may be further increased to up to 700 Mbps, depending on the clients' bandwidth requirements. The Company positions its fixed wireless broadband service either as primary, alternative or as an auxilary link to existing broadband service providers.

The Company's Fiber-in-the-Air fixed wireless broadband service allows its subscribers to download, upload, stream and share files simultaneously without compromising performance. The Company deploys competitively priced high-speed broadband bandwidth resources with high availability through its Point-to-Point and Point-to-Multipoint Radios. From providing Software Licenses and Services to adding IT Manpower and Resource Augmentation and Broadband Wireless Cable TV Services, the Company intends to deliver CIR high-speed broadband services up to 700 Mbps which may be bundled with enterprise collaborations solution, wireless cable television and interactive multi-media applications.

For the years ended December 31, 2017, 2016 and 2015, the Company's revenues amounted to ₱148.97 million, ₱105.44 million and ₱115.39 million, respectively.

For a more detailed discussion on the Company's financial condition and results of operation, please see Management's Discussion and Analysis of Financial Condition and Results of Operations in this Prospectus.

HISTORY

The Company was originally incorporated on June 5, 1996 as MF Schroder & Co. Inc., initially to engage in the purchase and sale of securities. MF Schroder & Co. Inc. was then a wholly-owned subsidiary of Amalgamated Investment Bancorporation, a full-fledged and duly licensed investment house.

In 1998, the Company was renamed to MFS Markets, Inc. On January 16, 2002, the Company changed its name from MFS Markets, Inc. to Cashrounds, Inc. with the primary purpose of engaging in the business of securities brokerage relating to the sale, transfer or exchange of every description of shares of stock and bonds, and to execute such transactions with the use of information technology.

On April 28, 2006, the Company entered into a Memorandum of Agreement with NOW Telecom and its five controlling shareholders namely, Top Mega Enterprises Limited, Joycelink Holdings Limited, Gamboa Holdings, Inc., EII, Foodcamp Industries and Marketing, Inc. (collectively known as, "NOW Telecom Shareholders"). The Company and the NOW Telecom Shareholders agreed to swap the shares in NOW Telecom with new shares of the Company, pursuant to an increase in its authorized capital stock. As a result of said restructuring, the NOW Telecom Shareholders acquired 97% equity interest in the Company. In turn, the Company acquired 19% equity interest in NOW Telecom. Currently, NOW Telecom is an affiliate and business partner of the Company.

On September 19, 2006, the Company was renamed to Information Capital Technology Ventures, Inc.

On July 24, 2008, the Company changed its primary purpose and transitioned into telecommunications, media and information technology products and services.

On July 23, 2003, the Company was listed in the SME Board of the PSE. Thereafter, on June 29, 2009, the Company transferred from the SME Board to the Second Board of the PSE. The Company is currently listed in the Main Board of the PSE.

During the last four months of 2010, the Company grew its business by investing in each of the following technology companies: (i) Softrigger Interactive, a company engaged in the business of providing technology solutions and services; (ii) Holy Cow Animation, a company engaged in the business of providing two dimensional and three dimensional animation services for film and television; and (iii) Softweb Consulting, a company engage in the business of providing IT consulting services and reseller of software, hardware, and other related IT products.

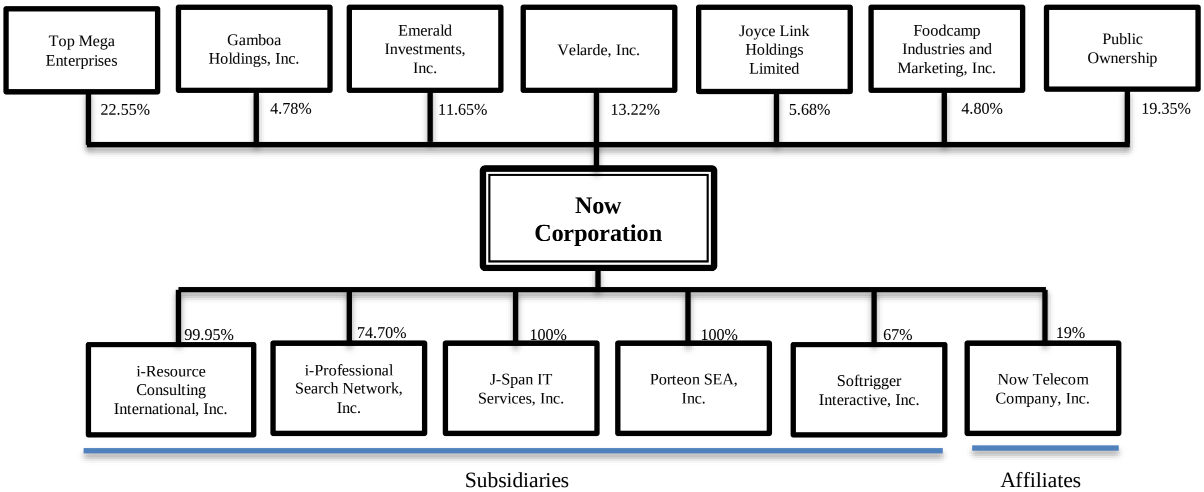
In 2011, the Company established its wholly-owned subsidiaries namely: (i) J-Span IT Services, a Japan-based company engaged in the business of providing software engineering services; (ii) i-Resource, a Philippine-based company engaged in the business of providing consulting, technical advice and professional advisory services; and (iii) Porteon SEA, Inc., a Philippine-based company engaged in the business of manufacturing, marketing and selling of vehicles of all types, including but not limited to electric vehicles.

On August 25, 2011, the Company began expanding its services by amending its secondary purposes to include, among others, providing professional services and manpower in the field of telecommunications, media and information technology.

On August 15, 2012, the Company established another subsidiary, i-Professional, a company primarily engaged in the business of domestic recruitment and placement.

On August 16, 2013, the Company again changed its name to its current corporate name, NOW Corporation.

GROUP'S CORPORATE AND SHAREHOLDING STRUCTURE



Subsidiaries

i-Resource Consulting International, Inc.

i-Resource is a Philippine company duly incorporated on May 25, 2011, and is wholly-owned by the Company. It engages primarily in the business of providing consulting, technical advice and professional advisory services to persons, firms, association, corporations, partnerships and other entities.

i-Resource mainly provides IT personnel to assist its clientele in managing the IT operations of the latter's businesses including data center management, network infrastructure maintenance and software management.

J-Span IT Services, Inc.

J-Span IT Services is a Japanese company duly incorporated in February 14, 2011 in Tokyo, Japan, and wholly-owned by the Company. It is engaged in the business of providing software engineering services and is positioned to provide expert IT professional services covering the entire software development life cycle needs of its international clients. It also provides systems integration services to the Company.

As at date of this Prospectus, J-Span IT Services is non-operational.

i-Professional Search Network, Inc.

i-Professional is a Philippine corporation duly established on August 15, 2012. The Company owns 74.70% interest in i-Professional as of January 24, 2017. It is primarily engaged in domestic recruitment and placement. i-Professional operated the placement and recruitment agency business of the Company.

Porteon SEA, Inc.

Porteon SEA, Inc. is a Philippine corporation duly incorporated on June 10, 2011. It is wholly-owned by the Company. It is primarily engaged in the business of manufacturing, marketing and selling of vehicles of all types, including but not limited to electric vehicles.

As at date of this Prospectus, Porteon SEA, Inc. is non-operational.

KEY OPERATING BUSINESS SEGMENTS

As of the date of the Prospectus, the Company has three main business segments, namely: (i) Software Licenses and Services; (ii) IT Manpower and Resource Augmentation; and (iii) Broadband and Wireless Cable TV Services.

A. Software Licenses and Services

- IBM Collaborations Solutions

Premier Business Partner IBM
Authorized Software Value Plus Collaboration Solutions

bluebox AN IBM COMPANY

In partnership with IBM, the Company provides IBM collaborations solutions such as provision of software, and IT-enabled services aimed at developing business solutions and applications to ease business operations and boost productivity of business enterprises. The Company resells essential IBM tools and products designed to enable new capabilities that improve business processes and help engage customers and employees in new ways. These IBM tools and products include software for instant messaging that facilitates integrated team collaboration accessible by the client's employees across all applications and devices; file-sharing and enterprise electronic mails which the client can integrate in its business application allowing enterprises to have easy-use real-time connections and communication within their office space; and IBM Ustream video platform which can be utilized by enterprises to distribute content via video. Essentially, the Company aims to provide cognitive solutions by offering cognitive systems that can see and analyze massive amount of data and to inject a thinking ability to every digitalized object, process and service. Ultimately, these systems position these businesses to become innovative, efficient and competitive through the application of IT solutions.

Aside from these, the Company also resells, at a competitive price, IBM smartcloud services which include tools for social business in the cloud. The Company also offers a wide array of IT software services including: (i) software application development, maintenance and support; (ii) data analytics; (iii) e-Forms; and (iv) Portal, all aimed at enhancing client overall experience. These services simplify business operations through integrating digital technologies and functionality into a system.

In 2014 and 2015, the Company received a citation from IBM that it has reached the "Premier Business Partner" status. The Company actively collaborates with IBM to deliver client value including organizing client discovery workshops.

- Cloud Hosting Services

The Company provides Cloud Hosting Services which covers the virtualization of the IT infrastructure to mitigate the rapid pace of technology obsolescence. These services are available for individual, small medium enterprises and corporate users in two primary space categories: (i) dedicated; and (ii) shared.

In a dedicated space arrangement, clients are allocated dedicated hardware for their exclusive use. Shared set-up are for clients with processing requirements that are not fixed, and which are clustered into a shared hosting server with pre-defined performance commitments.

- Virtual Private Networks

The Company provides VPN, which is an end-to-end protection and encryption services on network connectivity that ensures secured data transport. The Company's VPN service provides anonymity on the client's connection to the internet by using thousands of IP addresses and various server connections worldwide. VPN services passes internet filters allowing secure internet access. It also routes all data transport traffic with new IP addresses through affiliated secured servers located in various locations. This provides tracking difficulty and ensures a slim probability that data transmission will be compromised.

- Cloud-based Multimedia Conferencing Services

Skype for Business

The Company provides cloud-based multimedia conferencing services which consists of cloud-based server and applications capable of hosting multimedia conferencing application that will visually connect people in different physical locations in the virtual space. This service is ideal for conducting classes, presentations, events, meetings, and lectures for participants from multiple locations. This service provides a cost effective participation of more individuals from multiple locations.

- Web Hosting, Cloud-based Mail and Messaging Services

The Company provides web hosting services which varies from personal to corporate with e-commerce application development, content management, database and SEO support. Cloud-based mail services carry a variety of mail services ranging from electronic mail, facsimile mail, voice mail and video mail. Cloud-based mail services also include storage, calendar, contact and task management, and virus protection. These are available for individual, small medium enterprises and corporate clients.

- Digital Media Production

The Company also offers services such as website development, mobile application development, and web design and animation that can be used by business enterprises to create, manage and sustain their marketing and communications through digital channels that are simple, functional and effective across multiple market segments. These services allow business enterprises to increase their engagement with potential customers and to create an online-presence in order to capture a wider base market. One of the Company's notable projects is the "It's More Fun in the Philippines" website and mobile application that supported the campaign of the Department of Tourism.

The Company offers its web development through WebsiteExpress.Biz. The Company has established the brand, WebsiteExpress.Biz as its vehicle in delivering quality and globally compliant websites catering to micro and medium-sized enterprises. WebsiteExpress.Biz is a one-stop website development service operator that provides development, domain, hosting, secure sockets layer certificates, shopping cart, electronic mail, among others, without engaging multiple service providers. It operates at a subscription model, providing micro and medium-sized enterprises and individual subscribers quality, affordable and efficient websites in a span of five (5) days. One of the key features of WebsiteExpress.Biz is its responsive web design which allows a website to be responsive in all mobile devices without dedicated mobile application for each kind of device.

Under its mobile application development, the Company offers customized mobile applications such as cinematic three dimensional, game-based learning, rich media, html5 animation and gestures to allow businesses to enhance customer experience and increase brand loyalty. Through its competencies in digital media production, the Company can cater to all requirements and specifications of each client in order to deliver quality mobile applications for its businesses.

The Company derives its revenue streams from its Software Licenses and Services business segment through the following: (i) licenses renewal and commissions from IBM; (ii) technical and maintenance service fees; (iii) project implementation and project management fees; (iv) managed services sees; and (v) ground-up development fees.

For the years ended December 31, 2017, 2016 and 2015, the Company's revenue derived from Software Licenses and Services amounted to ₱82.19 million, ₱56.04 million and ₱75.97 million, respectively.

B. IT Manpower and Resource Augmentation

The Company, through its wholly-owned subsidiaries, i-Resource and i-Professional, is engaged in the business of providing consulting, technical advice and professional advisory services to persons, firms, association, corporations, partnerships and other entities.

i-Resource is an information technology resource management company that provides IT knowledge professionals to its clients. i-Resource principally deploys IT knowledge professionals to assist its clients in managing the IT operations of their businesses ranging from short to long-term and mission-critical projects, including data center management, network infrastructure maintenance and software management. This is done through i-Resource's dedicated sourcing group and business development managers.

The services of i-Resource can be further categorized into three sub-business segments:

- IT Staff Augmentation

Under this sub-segment, i-Resource provides IT knowledge professionals for the IT-related needs of its clients. Skilled personnel are deployed to provide additional IT knowledge professionals to the client's current roster or to provide additional support to the client's existing project team, for a limited period. Specifically, i-Resource offers the following services:

a) *Resource Management Outsourcing* – Resource management outsourcing pertains to the provision of IT knowledge professionals by i-Resource to a client for a specific duration ranging from three (3) months to one (1) year, which is renewable thereafter. The IT knowledge professionals deployed remain to be employees of i-Resource during the period of engagement.

b) *Assignment of Staff* – Assignment of staff pertains to the deployment of resource personnel by i-Resource to a client, in order to augment client manpower requirements.

c) *Project Team Outsourcing* – Project team outsourcing ensures enterprises of available project teams that will be assigned to their project without the need to hire them directly. The assigned personnel may include project managers, developers, business analytics and quality assurance testers.

- Managed Services

Aside from providing IT knowledge professionals, the Company, through i-Resource also services its clients by allowing them to outsource certain business process to i-Resource. This managed services also include trainings of IT candidates and team development for its clients. In addition, this sub-segment covers:

a) *Managed Service Outsourcing* - Clients may outsource a portion of their business processes such as testing and quality assurance services, applications development, applications maintenance, disaster recovery, desktop services, technology help desk services, call center help desk services and network services (broadband internet) to i-Resource, in order for them to focus on their core business activities. i-Resource services regular or critical projects based on targeted outcomes and service level agreements.

b) *Train and Deploy* - i-Resource develops the skills of fresh graduates based on client requirements through boot camps. This is carried out in collaboration with iCollege, which is a center for continuing education established by the Company in partnership with the Asian Institute for Journalism and Communication.

c) *Offsite Team Development* – i-Resource develops a dedicated team of IT knowledge professionals specifically for the client requirement, which are housed outside the client's office.

- Search and Select

i-Professional serves as the recruitment arm of its clients by providing the following add-on services:

a) *Contract to Hire* – This allows enterprises to try and test IT knowledge professionals before actually hiring by outsourcing them for a probationary period of six (6) months. The IT knowledge professionals become employees of the client at the end of the probationary period should they qualify with the standards of the client. The Company charges a one-time absorption fee.
b) *Recruitment Process Outsourcing* – This provides an end to end recruitment process for companies with huge IT knowledge professional requirements. It also allows enterprises to outsource the recruitment process of IT knowledge professionals for regular placements.

For the years ended December 31, 2017, 2016 and 2015, the Company's revenues derived from IT Manpower and Resource Augmentation amounted to ₱42.27 million, ₱43.41 million and ₱39.43 million, respectively.

C. Broadband and Wireless Cable TV Services

Recently, the Company expanded its services by offering "Fiber-in-the-Air" fixed wireless broadband service to enterprise clients in Metro Manila with CIR of up to 700 Mbps. With this service, the Company provides primarily an immediate alternative for existing broadband services being offered by traditional telecommunication and broadband service providers or as an auxillary link to the underserved, unsatisfied, and unserved large enterprises such as schools, hospitals, and commercial buildings with multiple BPO locators.

In partnership with its business partners NOW Telecom and Newsnet, the Company deploys CIR and high-speed broadband connectivity through its Point-to-Point and Point-to-Multipoint access points. This Point-to-Point and Point-to-Multipoint connectivity work through radio antennas that are installed atop strategically selected high rise buildings and establishments around the metropolis. The Point-to-Point and Point-to-Multipoint signal transmissions work through an over-the-air platform. This allows the user to send data over much greater distances while maintaining speed and has the advantage of connecting users as far as seven (7) kilometers without the need to lay down fiber optic cables underground. To support the NOW broadband experience, the Company maintains a team of engineers and technical personnel available on a 24/7 basis to keep its subscribers connected.

The Company started offering broadband services in November of 2015. Although the Company offers high-speed broadband services, it believes that it does not directly compete with the existing broadband service providers such as PLDT and Globe. The Company believes that as an auxillary to the existing broadband services available in the market, where traditional broadband service providers are not available, its service offering complements them. The Company also believes that in areas where traditional broadband service providers operate, its services serve as a back-up allowing a sustained and uninterrupted broadband connectivity to each subscriber.

Unlike other broadband internet service providers that incur significant upfront capital costs to lay its own fiber optic infrastructure, the Company's business strategy in rolling out its broadband internet service is to first identify and create a customer base through its wireless Fiber-in-the-Air network. After paying enterprise customers have signed up with the Company, the latter intends to build the fiber optic infrastructure to complement the Fiber-in-the-Air network for additional capacity. This enhances the high-speed broadband services currently being offered by the Company and enables it to cut unnecessary capital expenditures by wiring the entire city with fiber optics which will at best only be partially utilized.

The Company has initially created one of several wireless broadband network rings around Metro Manila. The first ring covers a majority of the business districts namely: Manila, Quezon City, and Bonifacio Global City, as well as Ortigas and Makati Central Business Districts. Specifically, the ring has nine (9) major points, namely: (i) President's Tower in Timog Avenue, Quezon City; (ii) Summit One in Shaw Boulevard, Mandaluyong City; (iii) One San Miguel in Shaw Blvd., Mandaluyong City; (iv) PET plans building in EDSA Guadalupe; (v) RCBC Plaza in Ayala Avenue, Makati City; (vi) Times Plaza in U.N. Avenue, Manila City; (vii) Marco Polo Building in Ortigas Center, (viii) Atrium Building in Pasay City and (ix) NowPlanet.TV Building in España, Manila City. These locations will serve as the main network backbone in distributing the fixed wired and fixed wireless broadband service of the Company. From building to building, the Company aims to provide guaranteed and high-speed broadband internet connection to different clients on a line of sight.

Below is a graphical representation of the Company's broadband network rings around Metro Manila.

The Company gets backhaul from transit providers at internet exchange points and from there delivers signals wirelessly to antennas on building rooftops. Inside the buildings, internet access is provided through standard copper wire or fiber if necessary.

From building to building, the Company intends to provide high-speed broadband internet to different clients on a line of sight basis. Line of sight basis is a straight path between a transmitting antenna and a receiving antenna when unobstructed. This will be done by installing devices on top of the hubs and on top of the consumer's building, thereby enabling the Company to transmit broadband internet.

The Company's network operates by connecting the target buildings through two transceivers on the roof: (i) one transceiver which serves the building; and (ii) another transceiver to serve the next building in the network.

The Company uses two (2) main devices as infrastructure to its broadband services namely, REMEC and CBNL.

REMEC is a technology company which provides technology via Point-to-Point Radios which allows transmission of 700 Mbps to 1 Gbps in as far as seven (7) kilometers. REMEC is a global, diversified and profitable ISO 9001 company for the digital wireless marketplace acquired by Moseley, which is a global, diversified and profitable ISO 9001 company for the digital wireless marketplace. Moseley is a supplier of integrated microwave and millimeter wave subsystem solutions for the telecommunications market. It designs and manufactures products that operate throughout the radio spectrum including high performance point-to-point radio modules and outdoor units. The Company is based in San Diego, California, USA.

CNBL, on the other hand, provides technology via Point-to-Point and Point-to-Multipoint Radios which can transmit up to 350 Mbps as far as two (2) kilometers given a 90 degree radius. CBNL is the market-leader in licensed point-to-multipoint microwave and millimeter wave solutions. The Company is based in Cambridge, United Kingdom.

With these suppliers, the Company connects businesses and multiple commercial and high-end residential buildings in Metro Manila and provide guaranteed and high-speed broadband internet connection.

To avail of the Company's broadband service, the prospective client is required to provide necessary details of its building. A Company representative will then survey the property, conduct a site audit, and develop a design plan for the building. Once the site audit and design plan are complete, the Company will thereafter propose a commercial agreement to the prospective client. Upon approval of the terms of the commercial agreement, the prospective client then becomes an official partner building of the Company and gain access to the Company's network, subject to installation of the devices in the building for the broadband service infrastructure.

Once connected to the Company's network, tenants in the partner building may activate the broadband service by subscribing thereto. Each subscriber shall pay the Company one time installation fee and monthly subscription fee with a contract duration between twenty four to thirty six months. The Company maintains a team of engineers and technical support available on a 24/7 basis to keep its subscribers connected.

The Company's first clients for the broadband service include Times Plaza Hub, Metropolitan Medical Center, Bayleaf Intramuros, Chinese General Hospital, FEATI University, Santa Isabel College, Jose Abad Santos Memorial School, Commander Security Services, Inc. and National Children's Hospital.

For the years ended December 31, 2017 and 2016, the Company's revenue from sale of broadband services amounted to ₱24.51 million and ₱5.98 million, respectively. Further, the Company did not derive substantial revenue from the sale of broadband services for the year ended December 31, 2015.

COMPETITIVE STRENGTHS

The Company is a trusted partner of top companies in the Philippines and has strong client retention.

Over the years, the Company has improved the efficiency of its operations, the quality and range of its products and services and its ability to satisfy its clients' requirements. To achieve these, the Company formed a competent and experienced management team, invested in research and development of, and tapped highly skilled knowledge professionals in the IT industry. Consequently, the Company has established its reputation as a trustworthy and dependable provider of IT-related products and services. The Company became a trusted partner of top companies in the Philippines including BDO Unibank, Inc., Metropolitan Bank and Trust Company, and Maybank ATR Kim Eng Capital Partners, Inc. to name a few. The Company has been providing IT-related products and services to these top companies for the past years. Since its recent expansion to the broadband business, the Company has added a number of clients in its existing roster such as Chinese General Hospital, Philippine Daily Inquirer, COFFRAL, The Bayleaf Intramuros and Metropolitan Medical Center, among other companies. These companies have expressed their satisfaction with the Company's ability to provide guaranteed and high-speed broadband internet connection.

The Company is the first to market "Fiber-in-the-Air" fixed wireless broadband service of up to 700Mbps CIR connectivity.

The Company is the first to introduce and market "Fiber-in-the-Air" or fixed wireless broadband in the Philippines that can provide high-speed broadband internet connection through the use of radio antennas rather than cable wires. At present, the existing broadband service providers offer broadband internet connection via copper wires and fiber optics. Long Term Evolution (LTE) broadband has also been offered to mobile internet users. As compared to LTE broadband which only works by connecting to a mobile network, Fiber-in-the-Air delivers a more reliable and faster broadband internet connection, provides wider coverage and allows usage of multiple devices, whether mobile or desktop, without sacrificing the internet speed. Being the first to market Fiber-in-the-Air wireless broadband service of up to 700 Mbps CIR, the Company believes that it is in an advantageous position to roll-out fixed wireless broadband all over the Philippines ahead of its competitors. Today, it has already built several fixed wireless broadband network rings around Metro Manila which will serve as the main network backbone of the Company in distributing broadband internet to its clients. The Company capitalizes on its research and development activities with IMX broadband in order to seamlessly deliver its broadband service to its clients and to further expand its reach throughout the country.

The Company has the ability to provide high-speed broadband connectivity speed of up to 700 Mbps CIR.

Through the use of Fiber-in-the-Air technology, the Company, in partnership with telecommunications companies, has the ability to provide reliable and high-speed broadband internet connection with CIR of up to 700 Mbps. Unlike the current broadband technologies available in the Philippines, Fiber-in the-Air uses radio antennas installed atop strategically located buildings rather than cable wires that runs underground to transmit data from the internet service provider to the end-user. As such, the normal hazards affecting cable wires such as disruption due to damage caused by work being done in the street do not affect these radio antennas. Compared to other broadband service providers, the Company does not overload the allocated network it provides to its clients. Thus, the Company is able to provide CIR of up to 700 Mbps. It should be noted that the Company can provide, and the client may avail of, internet allocation higher than 700 Mbps by simply installing additional radio antennas. Thus, the original 700 Mbps internet allocated to a client may be raised to up to 1400 Mbps and so on, depending on the number of additional radio antennas installed.

The Company also believes that the amount of time required to install these radio antennas to the client’s building serves as its strength. Currently, the installation of cable wires requires digging of grounds and thus, time consuming specially if the cable wires need to be installed in a crowded city like Metro Manila. In the case of Fiber-in-the-Air, it only takes several days for the Company to install radio antennas on top of its client’s building.

The Company, through its subsidiary, provides an extensive base of IT knowledge professionals and has been the IT knowledge professional provider of choice of top companies.

The Company carefully selects and engages skilled knowledge personnel in the IT industry to provide consulting, technical advice and professional advisory services to its clients and to match their manpower needs for a specific project or undertaking. The members of its IT team are Microsoft Certified Professional, Sun Certified Java Programmer and Microsoft Certified System Admin. The Company’s technical services group has served top Philippine companies in mission critical industries such as banking, insurance, retail, logistics and manufacturing. These top companies include Sunlife of Canada and Publicis Groupe which the Company has been serving for past five years. At present, the Company has deployed approximately 600 skilled knowledge personnel. The Company intends to deploy 250 additional skilled knowledge personnel in 2018.

The Company has a diversified business model.

The Company derives its revenues mainly from its three key business segments, namely, Software Licenses and Services, IT manpower and Resource Augmentation, and Broadband and Wireless Cable TV service with each of them contributing 55.17%, 28.38% and 16.45%, respectively, to the Company's total revenues in 2017. Particularly, the Company’s revenues from its Software Licenses and Services segment was derived from the following products and services: IBM collaboration solutions, cloud hosting services, virtual private networks, cloud-based multimedia conferencing services, web-hosting, cloud-based mail and messaging services and digital media production. On the other hand, the Company’s revenue from its IT Manpower and Resource Augmentation business segment was derived from the following services: IT staff augmentation, managed services and search and select service. Moving forward, the Company inte nds to maintain its diversified portfolio and bundle its broadband business with other value-added services in order to increase its revenue sources.

The Company has experienced management team and technical expertise in the telecommunications, media and information technology sectors.

The Company's management team has deep expertise in the telecommunications, media and information technology sector with over 20 years of experience. The Company's management team has proven track record in building successful businesses, improving brand positioning and executing growth strategies. The Company has marked its name in the IT industry as a trusted provider of IT enterprise services and digital media development and production in a matter of three years under the leadership of its existing management team. The market experience and knowledge that the key members of its management team possess and the business relationships it has developed in various industries in which they are involved has been, and will continue to be, an integral part of the Company's ability to expand its market share and identify and capitalize profitable growth opportunities.

BUSINESS STRATEGIES

Continue to leverage on its partnership with global technology, media and information technology companies.

The Company intends to capitalize on its six (6) years of partnership with IBM to gain access to new products, services and technologies in the IT industry and to establish its expertise in providing software licenses and services. In addition, the Company aims to maintain its position as the number one social solutions business partner of IBM to further strengthen the Company's brand.

The Company also intends to explore potential collaborations with other top computer and software providers in order to expand its product and service offerings and to increase its revenue streams. The Company believes that new collaborations will further improve the Company's technical competencies and enhance its reputation as a trustworthy and dependable provider of diversified IT-related products and services. The Company also believes that this will broaden the Company's customer base in the IT industry and ultimately, increase the Company's recurring revenues.

Expand its capacity to develop diversified earning streams by bundling its services with delivering high-speed broadband services by targeting the enterprise market.

The Company offers to its clients as part of its bundled services access to NowPlanet.TV, a digital platform operated by Newsnet that allows subscribers to: 1) watch free television; 2) browse web channels like YouTube, TED Talks, Facebook, and Twitter, among others; 3) play high-definition, fast –motion network games; 4) use cloud-based services for electronic mail, tasks, calendar, and document management which also comes with 1TB of storage per customer; 5) stream or download high-definition videos and movies; f) make conference calls and conduct online meetings to as many as 200 participants per session.

NowPlanet.TV is operated by Newsnet. Through broadcast equipment such as antennas and servers which are operated by trained professionals of Newsnet, subscribers are given access to free television, web channels, and video and movie streams.

Further increase its capacity to provide high-speed broadband internet connection through building and installation of underground fiber optic cables.

The Company intends to use a portion of the proceeds of the Offer to start the build-up of its fiber optic underground network. Fiber optic cable is expected to be equipped to have a minimum capacity of 100 Gbps. It is also expected to serve as the backbone of the Company's broadband business to complement its existing Fiber-in-the-Air technology. With Fiber-in-the-Air, the Company can provide up to 700 Mbps CIR per client enterprise, which can be further increased by installing another radio antenna with the same capacity. On the other hand, with fiber optic underground, the Company can provide up to 1 Gbps per connection. With these two technologies combined, the Company believes that it can provide better broadband services to the growing market for fast and reliable internet connection. For a more detailed discussion, please see the Use of Proceeds section of this Prospectus.

Aggressively position its broadband services to medium and large enterprises, as well as commercial and residential buildings.

The Company intends to offer its broadband service to medium and large enterprises and residential subscribers by 2018. The Company is undertaking research and development activities with its suppliers in order to deliver a more cost-effective and higher throughput of bandwidth for this market segment. The Company believes that this will broaden the Company's customer base and ultimately, increase the Company's recurring revenues from its Broadband Service business.

Introduce game changing products and services in the technology, media and information technology sector that cater to the needs of the market such as cloud-based services namely: multi-protocol label switching and voice over internet protocol that are intended to boost the competitive edge of the Company in the technology, media and information technology industry.

With the Company's experience in developing applications and integrating IT systems, the Company continues to do research and development activities in order to introduce products and services to the enterprise market. This includes cloud-based services such as multi-protocol label switching and voice over internet protocol. All of these services will boost the competitive edge of the Company in the telecommunications media and information technology industry.

Undertake strategic investments

The Company intends to undertake strategic investments in order to complement its proprietary technologies and to boost its ability to create or design products and services. This strategy would require investments in (1) the construction of fiber-optic network underground and via electric poles; (2) the establishment of data centers, hardware and software, strategically located around the country; (3) the recruitment and development of human resource personnel to execute the company's business plans; and (4) the investments in brand building and marketing to raise high brand awareness and customer satisfaction.

KEY MILESTONES

Set out below are the key milestones in the Company's operating history:

June 5, 1996	Company was originally incorporated as MF Schroder & Co., Inc.
July 23, 2003	Company was listed in the SME Board of the PSE.
January 2002	Company was renamed Cashrounds, Inc.
April 28, 2006	NOW Telecom Shareholders acquired 97% equity interest in Cashrounds, while Cashrounds acquired 19% equity interest in NOW Telecom.
September 19, 2006	Company was renamed Information Capital Technology Ventures, Inc. and the SEC approved the increase of the Company's authorized capital stock to ₱1,320,000,000.00.
June 29, 2009	Company was transferred from the SME Board to the Second Board of the PSE.
July 24, 2008	The SEC approved the amendment of the Company's primary purpose to a telecommunication, media and information technology business.
August 3, 2010	SEC approved the amendment of Article VII removing any pre-emptive right of subscription to any class of shares of stock of the Company.
September 1, 2010	Company made investments in Softrigger Interactive.
October 1, 2010	Company made investments in Holy Cow Animation.
December 20, 2010	Company made investments in Softweb Consulting.

February 14, 2011	Company established J-Span IT Services, Inc.
May 25, 2011	Incorporation of i-Resource Consulting International.
June 10, 2011	Incorporation of Porteon SEA.
August 25, 2011	The SEC approved the amendment of the secondary purposes allowing the Company "to provide professional services and manpower in the field of telecommunications, media and technology".
September 02, 2011	Company entered into a Memorandum of Understanding with Huawei International Pte. Ltd., Huawei Technologies Phil., Inc. and NOW Telecom with the aim of enhancing the information capabilities of the Company and NOW Telecom.
December 9, 2011	Company executed a Memorandum of Agreement with the Filipino American Chamber of Commerce Orange County, a non-profit organization in the State of California, for the use of a digital media portal through the Company's latest technology platform, NowPlanet.TV**.**
August 16, 2013	Company was renamed NOW Corporation.
November 2015	Company launched Fiber-in-the-Air broadband service.

SUPPLIERS

For the Company's core business, Software Licenses and Services, the IT software programs, systems and hardware equipments are supplied by its long-term partner IBM. IBM is an American multinational technology company incorporated on June 16, 1911 that creates value for clients through integrated solutions and products. IBM takes advantage of its knowledge in information technology, deep expertise in industries and business processes, and a broad ecosystem of partners and alliances.

The Company is a Premier Business Partner of IBM, one of the world's largest technology firms, on an ongoing (perpetual) basis; however, its sales and technical personnel are subject to annual certification requirements. As a Business Partner, the Company resells IBM's products and services to its enterprise customers in the country where it operates and provides technical services, which include network support, network administration and maintenance. In essence, it is a local reseller of IBM's services and products. It also has the advantage of accessing IBM resources such as sales specialists, solutions architects, and resource materials in order to deliver ICT services to the end-client. The contract with IBM is renewable on a yearly basis. The requirement is that the Company's sales and technical employees directly related with the business must take and pass an annual exam. The Company attained the highest partner level status showing competency achievement, built sales success, and completed and verified a client satisfaction reference. As a Premier Business Partner, the Company has been given full co-marketing support and access to Asia-Pacific and Worldwide Executives for both business and technical expertise needed.

Apart from IBM, the Company is also a a Silver Partner of Microsoft and thus able to resell Microsoft Office 365 and Microsoft Azure. As Silver Partner, the Company is able to resell services and has access to Microsoft resource personnel and Microsoft technical resource personnel in order to deliver high-quality service to the Company's end-client.

For its IT Manpower and Resource Augmentation business segment, the Company, through i-Resource, sources its IT personnel from KPSC, a cooperative engaged in the business of performing various professional services to individuals, corporations, partnerships and other entities. KPSC is duly registered with the Cooperative Development Authority. KPSC deploys IT knowledge professionals to i-Resource's client who will personally carry out the task under i-Resource's supervision but subject to the client's specification upon request through a job order form. In this arrangement, there is no employee-employer relationship created between the client and the IT personnel deployed.

For its Broadband service, NOW Telecom, a cellular mobile telephone service license holder, provides the Company with network resources such as hardware and data service platform, connection to gateway or server, and mobile value-added services technical protocol and interface specifications. Newsnet, on the other hand, is a cable TV service provider which provides the Company with bandwidth services needed for the provision of its broadband services.

CUSTOMERS

The Company caters to a wide range of clientele, mainly in the banking, logistics, real estate, manufacturing, insurance, retail and tourism sectors. The Company focuses its business to cater to large enterprises that continually grow their businesses, as these enterprises would necessarily require business solutions to simplify its operations and increase productivity. The Company has notable clients, namely, Bangko Sentral ng Pilipinas, Right Computer Systems Inc., Philippine Dealing System, Golden Arches Development Corporation, China Banking Corporation, Pharma Properties, Institutional Shareholders Services, Isuzu Philippines, Metrobank, EPSON Philippines Corporation, CCC Data Management Solutions, Bayview Technologies, Inc., NEC Philippines, Inc., The Philippine Star, Sunlife of Canada, United Coconut Planters Bank, DENSO Philippines Corporation, Punongbayan & Araullo, Metropolitan Medical Center, National Children's Hospital, FEATI University, Santa Isabel College, The Bayleaf Intramuros, Sta. Isabel College, Chinese General Hospital & Medical Center, Capitol Medical Center, Citystate Tower Hotel, New San Jose Builders, Philippine Daily Inquirer, Radio Inquirer, Manila Bulletin, Coffral Access and Shoring, Questronix Corporation, TBWA/Santiago Mangada Puno, Rizal Commercial Banking Corporation, and Abacus Distribution Systems Phils. Inc. Considering its numerous customers, the Company is not dependent upon a single or few customers.

Recently, the Supreme Court issued a Notice to Proceed for the installation of a judiciary Email System, which is a private cloud-based, on-premise email system that will set up an initial 7,000 email accounts. Based on the Notice to Proceed and the attached Contract dated 04 September 2017, the Company expects to receive the full contract price of ₱57,528,888.00 after completion of the activities under the Contract.

QUALITY CONTROL

The Company has established its own 24/7 NOC which oversees the complex networking environment that require high availability. The Company's NOC is responsible for monitoring its network's conditions that may require special attention to avoid degraded service, down-time or network malfunction.

The Company's NOC is led by licensed engineers and network administrators who are tasked to ensure that the Company's core network is stable. This is done by configuring the hardware to make the network more secure, while retaining optimal performance. The Company's NOC engineers are also responsible for monitoring activity, network usage, and temperature, among others.

In case of power outages, the Company's NOC has a back-up uninterrupted power supply which backs up the Company's data center. This is in addition to the diesel generator which acts as the primary back-up power supply of the Company.

For its broadband service, the Company regularly checks the throughput of the broadband customers. It also checks the configuration files and conducts graphical monitoring of bandwidth usage of clients and regular physical maintenance check of the radio antennas.

For the Software Licence and Services, the Company is backed up by service delivery teams of IBM. The Company and its partners ensure that marketing, selling and after-sales are all covered by a team of specialists with experience in the product or service. In addition, the Company also maintains its own in-house customer support that handles both level one customer inquiry up to level three customer troubleshooting.

For its IT Manpower business, i-Resource conducts skill and behavioral assessments of its IT knowledge professionals in order to evaluate if they are culturally fit to the organization of its clients and meet the client specification.

PRICING

The Company ensures competitive pricing by offering economical packages to clients by tailoring the prices to their needs and their budget.

MARKETING AND PROMOTION

The Company has established a reputation of being one of the leading IT firms in the country that has just entered into the profitable telecommunications market offering high-speed broadband service to enterprises and commercial and residential buildings.

The Company markets its products and services both above-the-line such as print, and below-the-line through events, and activations.

The Company markets its brand mainly through NOWNetwork.PH, a joint project of the Company, Newsnet and Now Telecom. The Company also contracted several advertising and public relations agencies in order to assist the Company in both strategy and implementation of all marketing activities. The Company also maintains full-time marketing, social media and graphic artists in support of all of its marketing activities. As of the date of this Prospectus, the Company has a total of six (6) consultants directly responsible for its marketing and promotions functions.

COMPETITION

The top local competitors of the Company per business segment include the following, among others:

(i) For Software Licenses and Services business segment, the main competitors of the Company include Questronix Corporation, Phil Data, Strategic Synergy Inc., and Global Strategic Solutions and Services Inc.

The industry follows a standard price grade across all industry players. Since price as a competitive method is limited, the Company distinguishes itself from its competitors through its go-to-market strategy. The Company uses the go-to-market strategy to determine the needs of the market and based on such study, create and offer add-on products and services that would target these needs.

The Company believes that its competitive strategy lies on its ability to integrate telecommunication services with technologies such as platforms, applications and other software. The Company has deep experience in managing critical and IT areas of its clients including data center, cloud network infrastructure, and even electronic mail systems.

(ii) For IT Manpower and Resource Augmentation business segment, the Company may be considered as competing with Monroe Consulting, ZMG Ward Howell, Viventis Search Asia, Nezda Technologies Inc., Collabera, Microsourcing, Sysgen Outsource Inc., and Computer Professionals Inc.

The Company believes that i-Resource has a first-mover advantage in the IT manpower and recruitment industry against its competitors because it focuses on a specific vertical, which is also in line with the Company's expertise.

(iii) For Broadband and Wireless Cable TV Service business segment, the Company's competitors are PLDT, SKY Broadband, Globe Broadband, Eastern Telecommunications, Converge ICT and PhilCom.

The Company believes that its key differentiator among its competitors is its ability to provide bandwidth connectivity via its Fiber-in-the-Air broadband network at low capital and operational costs, which allows the Company to have a larger margin.

INTELLECTUAL PROPERTY

As at date of this prospectus, the following are the registered intellectual properties of the Company:

Name	Illustration	Registration	Expiry Date
Company Logo		Certificate of Registration of Trademark	28 February 2023
WEBSITEEXPRESS.BIZ Your website store and more		Certificate of Registration of Trademark	23 April 2025
NOWPLANET.TV AND DESIGN		Certificate of Registration of Trademark[22]	05 July 2022
J-SPAN AND DESIGN		Certificate of Registration of Trademark	28 June 2022

The Company owns the domain: **www.now-corp.com** and **www.nownetwork.ph.**

RESEARCH AND DEVELOPMENT

The Company has its own research and development group led by IT professionals and telecommunications engineers. The Company taps the expertise of global resource personnel in connection with its plan to expand the Company's existing information technology platform in order to introduce related products and services and to integrate wireless communication technologies.

[22] The Company has assigned and transferred to Newsnet all the rights, title and interest to the registered trademark NOWPLANET.TV AND DESIGN pursuant to a Deed of Assignment.

HUMAN RESOURCES

Employee Population

As of the date of this Prospectus, the Company has a total workforce of ninety six (96) employees, of which forty-eight (48) are regular employees, twenty-two (22) are consultants, twenty-three (23) are project employees, and three (3) are probationary employees. The following shows the breakdown of the manpower complement of the Company according to business function:

Executives and Managerial...	[14]
Administrative...	[82]
Total...	**[96]**

Probationary employees are employed for a period not exceeding six (6) months or one hundred eighty (180) days. These employees remain on probationary status during this period, unless the Company notifies them in writing, on or before the expiration of the probationary period that their services will be discontinued or that they have not qualified for regularization. Attainment of regular status is conditioned on compliance with predetermined standards for regularization made known to the employee during the start of his probationary employment.

Project employees are those employees whose employment is co-terminous with the duration of a project (or phase thereof). Upon completion of the project, employment automatically ceases, without need of any verbal or written notice.

The Company intends to hire additional ninety-five (95) employees in the next twelve (12) months. The following shows the breakdown according to business function of the employees which the Company intends to hire:

Executives and Managerial...	[5]
Administrative...	[90]
Total...	**[95]**

The Company believes that its relationship with its employees is generally good and, since the start of its operations, the Company has not experienced any work stoppage, disruption or strikes as a result of any labor or labor-related disagreements. There were no incidents of strikes at present nor are there threatened incidences of strikes.The Company has no collective bargaining agreements with its employees and none of its employees belong to a union.

Employee Compensation Benefits

The Company has adopted a competitive compensation package within the industry standards in the Philippines. Furthermore, it complies with the minimum compensation and benefits standards set by labor laws. The Company is subject to laws and regulations in the Philippines such as the Social Security Act of 1997, the National Health Insurance Act and Home Development Fund Law, that require it to deduct and withhold certain contributions from an employee's salary and remit them to the applicable social program on behalf of the employee. Furthermore, it has allowance provision for its employees such as transportation and gas allowance, communication allowance, and meal allowance.

PROPERTIES AND EQUIPMENT

Real Property

As of the date of this Prospectus, the Company does not own any real property. The Company leases its principal office which is located at Unit 5-I, 5th Floor, OPL Building, 100 C. Palanca corner Dela Rosa and Gil Streets Legaspi Village, Makati City from One Palanca Land, Inc. Said lease contract is effective for one year commencing on April 1, 2018 and will terminate on March 31, 2019. The lease contract may be renewed upon the mutual agreement of both parties. The schedule of lease payments are as follows:

Lease Period	Monthly Rental Rate
April 1, 2018 to March 31, 2019	₱23,067.00 exclusive of VAT and withholding tax

The Company's subsidiary, i-Resource, sub-leases its principal office located in 2244 España Avenue, Samploc, Manila City from i-College of the Philippines, Inc. Said sub-lease contract is effective for three (3) years, commencing on November 1, 2017 and ending on October 31, 2020. The schedule of lease payments are as follows:

Lease Period	Monthly Rental Rate
November 1, 2017 to October 31, 2020	₱77,526.00

The Company's subsidiary, i-Professional, leases its principal office located in 2244 España Avenue, Samploc, Manila City from Now Telecom. Said lease is effective for five (5) years, commencing on January 1, 2016 and ending on December 31, 2020. The schedule of lease payments are as follows:

Lease Period	Monthly Rental Rate
January 1, 2016 to December 31, 2020	₱10,000.00, exclusive of VAT and Withholding Tax

As of the date of the Prospectus, the Company and its subsidiaries have no plan to acquire real properties in the next twelve months.

Personal Property and Equipment

The Company owns several motor vehicles used for its daily operations such as the following: 1 Toyota Altis, 1 Honda Accord, 1 Toyota Fortuner, 1 Mazda CX9, 1 Ford Everest, 1 Mitsubishi Lancer, 1 Mitsubishi Montero, 1 Hyundai Elantra, 3 Ford Fiesta, 1 Mitsubishi EX 2 and 1 Honda Motorcycle. As of the date of this Prospectus, all vehicles have been fully depreciated except for the Honda Motorcycle. The Company recently acquired a motor vehicle through a car-financing loan with the following details:

Bank	Car Model	Loan Amount	Terms
BDO Unibank Inc.	Mitsubishi Deluxe Euro 2	Purchase Price: ₱706,000.00 Mortgage Amount: ₱564,800.00	5 years (matures on November 23, 2021)

The Company owns several office equipment, particularly, computer units, laptops, high definition uplink systems, server hardware, routers and antenna poles, among others.

INSURANCE

The Company maintains a personal accident insurance policy relating to certain employees who are assigned to field work that exposes them to certain risks. This insurance policy indemnifies the Company's employees for accidental death and disbursements or injuries sustained while at work. The personal accident insurance policy issued by Traveller's Insurance Surety Corporation has a ₱150,000.00 maximum coverage per person and is renewable annually. There is no assurance that the amount of coverage of the Company's insurance policy will be adequate in the event of a covered event or that the insurer will pay claims promptly and in full.

ENVIRONMENTAL COMPLIANCE AND PROTECTION

The Company's business operations do not impact the environment in a significant way. The Company is governed by the environmental regulations of the municipality where it is located. An evidence of its compliance is the municipal permit that is being renewed on an annual basis.

REGULATORY COMPLIANCE

The Company ensures its continued compliance with the appropriate regulatory bodies by securing the necessary permits and licenses. Its legal team continuously monitors its compliance with applicable laws and regulatory requirements affecting its business including any changes thereof that materially affect its business operations.

Other than the regulatory permits enumerated below, the Company is not aware of any requirement to secure any special permit or licenses from any regulatory body for the operation of its telecommunications, broadband network, software programs and hardware installations.

Based on the opinion issued by an independent counsel, The Law Firm of Condez Baquiran and Tecson, and unless otherwise indicated below, the material permits and licenses required for the Company's operations are valid and subsisting.

Set out below are the regulatory permits material to the Company's business.

Type of Permit	Date Issued	Expiry Date / Date
Business Permit	January 29, 2018	December 31, 2018
BIR Certificate of Registration	June 26, 1996	N/A
SEC Certificate of Incorporation	June 5, 1996	June 5, 2046
BIR Importer Clearance Certificate	November 12, 2015	November 13, 2018
BOC Certificate of Accreditation as Importer	May 11, 2016	November 12, 2018
BOC Certificate of Registration	July 17, 2017	July 17, 2018
NTC Certificate of Registration as a VAS Provider	November 27, 2015	November 26, 2020
NTC Certificate of Registration as VoIP Provider[23]	March 9, 2017	March 8, 2018
SSS Clearance Certificate	October 28, 2016	N/A
DOLE Certificate of Registration (DO 174)	August 18, 2017	April 17, 2019
DOLE License as a Private Employment Agency	November 04, 2016	November 03, 2019
PAG-IBIG Fund Certificate of Employer's Registration	February 10, 2017	N/A
DOLE Registry of Establishment	September 20, 2017	N/A

LEGAL PROCEEDINGS

On February 20, 2013, the Company filed the trademark registration of the mark: NOWPLANET.TV AND DESIGN with Application No. 4-2013-500481 with the Bureau of Legal Affairs of the Philippine Intellectual Property Office (the "Bureau"). On April 17, 2013, the Bureau issued a Notice of Allowance and, accordingly, the mark was published for opposition in the Intellectual Property Office Electronic Gazette on May 20, 2013. On August 12, 2013, Starbucks (HK) Limited filed a Verified Notice of Opposition to the said trademark application. On January 12, 2017, the Intellectual Property Office of the Philippines dismissed the opposition filed by Starbucks (HK) Limited. In an Order dated May 19, 2017, the Bureau dismissed with finality the Appeal for failure of Oppositor-Appellant to file the appeal within the prescribed period.

[23] Application for Renewal of NTC Certificate of Registration as VoIP Provider was filed on 01 March 2018. Application is currently under review by the NTC.

REGULATORY MATTERS

The following sections set out the key legislation and regulations that affect or may affect the Company and its business.

PUBLIC TELECOMMUNICATIONS POLICY ACT OF THE PHILIPPINES

R.A. 7925 applies to all public telecommunications entities in the Philippines, which it defines as any person, firm, partnership or corporation engaged in the provision of telecommunications services to the public for compensation. The law also governs VAS providers, which it defines as an entity which, relying on the transmission, switching and local distribution facilities of the local exchange and inter-exchange operators, and overseas carriers, offers enhanced services beyond those ordinarily provided for by such carriers. The NTC is designated as the principal administrator of the law.

According to R.A. 7925, provided that it does not put up its own network, a VAS provider need not secure a franchise and shall be allowed to competitively offer its services and/or expertise, and lease or rent telecommunications equipment and facilities necessary to provide such specialized services, in the domestic and/or international market in accordance with network compatibility provided that prior approval of the NTC is secured to ensure that such VAS offerings are not cross-subsidized from the proceeds of their utility operations, other providers of VAS are not discriminated against in rates nor denied equitable access to their facilities and separate books of accounts are maintained for the VAS. However, a VAS provider is mandated to register with the NTC, which requires the submission of the following: application form and documents on system configuration, mode of operation, method of changing rates, and lease agreement with the PTE, among others.

This law is relevant to the Company given that it is a VAS provider by reason of its broadband business.

FOREIGN INVESTMENTS AND LAWS AND REGULATIONS RELATING TO RELEVANT FOREIGN EQUITY RESTRICTIONS

The Foreign Investments Act (FIA) of 1991 or Republic Act No. 7042 provides that foreign investments shall be encouraged in enterprises that significantly expand livelihood and employment opportunities for Filipinos. As a general rule, there are no restrictions on the extent of foreign ownership of export enterprises. A Philippine national is defined under the law to mean any of the following: (1) a citizen of the Philippines; (2) a domestic partnership or association wholly owned by citizens of the Philippines; (3) a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines; (4) a corporation organized abroad and registered as doing business in the Philippines under the Corporation Code of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos; or (5) a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of the Philippine nationals.

Current laws require that local companies engaged in telecommunications must be at least 60% Filipino-owned. VAS is a telecommunications service. Thus, a foreign investor's equity interest in a company providing VAS is limited to 40%. The foregoing is relevant in determining the limits of foreign ownership of the Company considering that it is providing VAS to the public.

Under the Labor Code, the authorized and voting capital stock of corporations engaged in recruitment of workers, local or overseas, must be 75% Filpino-owned.

LABOR LAWS

The Labor Code seeks to protect labor, promote full employment, ensure equal opportunities regardless of sex, race or creed and regulate the relations between workers and employers. The Labor Code prescribes the rules for hiring and termination of private employees, the conditions of working including maximum work hours and overtime, employee benefits such as holiday pay, thirteenth month and retirement pay and the guidelines in the organization of and membership to labor unions. It provides the minimum benefits that employers must grant to their employees, which include certain social security benefits, such as benefits mandated by the Social Security Act of 1997 (Republic Act No. 8282), the National Health Insurance Act of 1995 (Republic Act No. 7875), as amended, and the Pag-IBIG Fund Law. The DOLE is the lead agency in the enforcement of labor laws.

Retirement Law

Republic Act No. 7641 provides for the mandated payment of retirement benefits. All employees are entitled to receive retirement benefits that they have earned upon retirement under existing laws or collective bargaining agreements. In the absence of a retirement plan or agreement providing for retirement benefits of employees, an employee, upon reaching the age of sixty (60) years or more, but not beyond sixty five (65) years, who has served at least five (5) years in the establishment, may retire and shall be entitled to retirement pay equivalent to at least one-half (½) month salary for every year of service, a fraction of at least six (6) months being considered as one whole year.

Social Security System or the Social Security Law

The Social Security Law created the SSS, a security program that provides financial benefits to qualified members in cases of contingencies such as retirement, disability, death, sickness, maternity and other employment-related injuries. Under this law, social security coverage is compulsory for all employees not over sixty (60) years of age. An employer is obligated to deduct and withhold from each employee’s monthly salary, wage, compensation or earnings, the employee’s contribution, and the employer, for its part, makes a counterpart contribution for the employee, and remits both amount to the SSS. This enables the employees to claim their pension, death benefits, permanent disability benefits, funeral benefits, sickness benefits and maternity-leave benefits. The Social Security Law imposes penal sanction if an employer fails to remit the contributions to the SSS. For corporate employers, the penalty is imposed on its president and members of the board.

National Health Insurance Act

The National Health Insurance Act created the NHIP to provide universal and compulsory health insurance coverage and ensure affordable and accessible health care services to all Filipino citizens. All members of the SSS and GSIS are automatically members of the NHIP. The PhilHealth administers the NHIP, and an employer is required to register and to deduct and withhold the contributions from the employee’s salary, wage or earnings, make a counterpart contribution for the employee, and remit both amounts to PhilHealth. The NHIP subsidizes personal health services required by the employee subject to certain terms and conditions under the law. The National Health Insurance Act imposes penal sanctions if an employer does not remit the contributions to PhilHealth. For corporate employers, the penalty is imposed on its president and members of the board of directors.

Home Development Fund Law

The Pag-IBIG Fund Law created the HDMF, a national savings program for private and government employees and other earning groups as well as a fund to provide for affordable shelter financing to Filipino workers. Coverage under the HDMF is compulsory for all SSS and GSIS members and their employers. Under the law, an employer must deduct and withhold 2% of the employee’s monthly compensation, up to a maximum of ₱5,000 and likewise make a counterpart contribution of 2% of the employee’s monthly compensation, and remit the contributions to the HDMF. The Pag-IBIG Fund Law also imposes penal sanctions if the employer does not remit the contributions to the HDMF. For corporate employers, the penalty is imposed on its president and members of the board of directors.

Workers’ Health and Safety

Under the OSHS, every place of employment is required to have a health and safety committee. Further, the employer has the duty to write administrative policies on safety in conformity with OSHS. It must provide to DOLE copies of the policies adopted and the health and safety organization established to carry out the program on safety and health within one month after the organization or reorganization of the health and safety committee.

Recruitment and Placement

Recruitment and placement refers to any act of canvassing, enlisting, contracting, transporting, utilizing, hiring or procuring workers, locally or abroad, whether for profit or not. Before an entity can engage in the recruitment and placement of workers, it must first obtain a license from the DOLE. The Labor Code prohibits the recruitment and placement of workers by non-licensees or holders of authority.

Labor Contracting

Contracting or subcontracting refers to an arrangement whereby a principal agrees to put out or farm out with a contractor the performance or completion of a specific job, work or service within a definite or predetermined period, regardless of whether such job, work or service is to be performed or completed within our outside the premises of the principal.

Pursuant to Labor Advisory No. 10, series of 2016 issued on July 25, 2016, the DOLE declares labor-only contracting prohibited. Labor-only contracting refers to an arrangement where the contractor or subcontractor merely recruits, supplies or places workers to perform a job, work or service for a principal, and the following elements are present: 1) the contractor or subcontractor does not have substantial capital or investment in the form of tools, equipment, machineries, work premises, among others, and the workers recruited and placed by such person are performing activities which are directly related to the principal business of such employer; or 2) the contractor does not exercise the right of control over the performance of the work of the employee. The workers of labor only-contractor or subcontractor are considered employees of the principal.

On the other hand, while labor-only contracting is prohibited, contracting and subcontracting arrangements are expressly allowed by law and are subject to regulations for the promotion of employment and the observance of the rights of workers to just and humane conditions or work, security or tenure, self-organization and collective bargaining. Contracting or subcontracting refers to an arrangement whereby a principal agrees to put out or farm out with a contractor the performance or completion of a specific job, work or service within a definite or predetermined period, regardless of whether such job, work or service is to be performed or completed within or outside the premises of the principal.Contracting or subcontracting shall be considered legitimate if: 1) the contractor is registered in accordance with DOLE Department Order No. 174, series of 2017 and carries a distinct and independent business and undertakes to perform the job, work or service on its own responsibility, according to its own manner and method, and free from control and direction of the principal in all matters connected with the performance of the work except as to the results thereof; 2) the contractor has substantial capital and/or investment; and 3) the Service Agreement ensures compliance with all the rights and benefits under Labor Laws.

DOLE Department Order No. 174 on contracting and sub-contracting was issued on March 15, 2017 and superseded DOLE Department Order No. 18-A Series of 2011.

DOLE Department Order No. 174 reaffirms the constitutional and statutory right to security of tenure of workers. It applies to all parties in an arrangement where employer-employee relationship exists. It absolutely prohibits labor only contracting and specifies other illicit forms of employment arrangement. Department Order No. 174 permits contracting and subcontracting provided: 1) the contractor or subcontractor is engaged in a distinct and independent business and undertakes to perform the job or works on its own responsibility, according to its own manner and method; 2) the contractor or subcontractor has substantial capital to carry out the job farmed out by the principal on his account, manner and method, investment in the form of tools, equipment, machinery and supervision; 3) in performing the work farmed out, the contractor or subcontractor is free from the control and/or direction of the principal in all matters connected with the performance of the work except as to the result thereto; and 4) the service agreement ensures compliance with all the rights and benefits for all employees of the contractor or subcontractor under the labor laws.

In addition, DOLE Department Order No. 174 shortened the validity of the certificate of registration of contractors and subcontractors from three (3) years to two (2) years. It increased the amount of the minimum substantial capital of contractors from a paid-up capital stock/shares of at least ₱3,000,000.00 to at least ₱5,000,000.00. It likewise increased both the registration fee and the registration renewal fee from ₱25,000 to ₱100,000.00.

DATA PRIVACY ACT

R.A. 10173 was signed into law on August 15, 2012 to govern the processing of all types of personal information (*i.e*., personal, sensitive, and privileged information) in the hands of the government or private natural or juridical person through the use of Information and Communications System. It mandated the creation of the NPC which shall administer and implement the provisions of R.A. 10173 and ensure compliance of the Philippines with international standards set for data protection. The State recognizes the need to protect the fundamental human right of privacy and of communication while ensuring free flow of information to promote innovation and growth. The State identifies the vital role of information and communications technology in nation building and its inherent obligation to ensure that personal information in information and communications system in the government and in the private sector are secured and protected.

"Information and Communications 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 device by or which data is recorded, transmitted or stored and any procedure related to the recording, transmission or storage of electronic data, electronic message, or electronic document.

The Data Privacy Act seeks to protect the confidentiality of "personal information" which is defined as "any information, whether recorded in material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual." The law provides for certain rights of a data subject or an individual whose personal information is being processed. The law imposes certain obligations on "personal information controllers" and "personal information processors". It also provides for penal and monetary sanctions for violations of its provisions.

This law is applicable to the Company given that the products and services it offers under its software licenses and services business segment involve the use of Information and Communications System.

ELECTRONIC COMMERCE ACT

R.A. 8792 recognizes the vital role of information and communications technology in nation-building, the need to create an information-friendly environment which supports and ensures the availability, diversity and affordability of ICT products and services. It aims to facilitate domestic and international dealings, transactions, arrangement agreements, contracts and exchanges and storage of information through the utilization of electronic, optical and similar medium to promote the universal use of electronic transaction in the government and general public.

Under the said law, any access to an electronic file, or an electronic signature of an electronic data message or electronic document shall only be authorized and enforced in favor of the individual or entity having a legal right to the possession or the use of plaintext, electronic signature or file and solely for the authorized purposes. The law also prohibits a person who obtains access to any electronic key, electronic data message, electronic document, book, register, correspondence, information, or other material pursuant to any powers conferred under the said law from convening to or sharing the same with any other person, except for purposes authorized by law. The implementing rules of the said law provide that the electronic key for identity or integrity shall not be made available to any person or party without the consent of the individual or entity in lawful possession of that electronic key.

The law clarifies that violations of the Consumer Act of the Philippines or Republic Act No. 7394 and other related laws through transactions covered by or using electronic data messages or electronic documents shall be penalized with the same penalties as provided in such laws.

This law is applicable to the Company given that it is a technology company which necessarily deals with ICT products and services.

DEPARTMENT OF INFORMATION AND COMMUNICATIONS TECHNOLOGY ACT OF 2015

R.A. 10844, signed into law last May 23, 2016, recognizes the vital role of information and communication in nation-building. The DICT shall be the primary policy, planning, coordinating, implementing, and administrative entity of the Executive Branch of the government that will plan, develop, and promote the national ICT development agenda. The law defines ICT as the totality of electronic means to access, create, collect, store, process, receive, transmit, present and disseminate information, while it defines the "ICT Sector" as those engaged in providing goods and services primarily intended to fulfill or enable the function of information processing and communication by electronic means.

The DICT has the power, among others, to: 1) implement national policies that will promote the development and use of ICT with due consideration to the advantages of convergence and emerging technologies; 2) prescribe rules for the establishment, operation and maintenance of ICT infrastructures in unserved and underserved areas; and 3) to ensure and protect the rights and welfare of consumers and business users to privacy, security and confidentiality in matters relating to ICT, in coordination with agencies concerned, private sector and relevant international bodies.

The law abolishes the following agencies with their powers and functions, applicable funds and appropriation, records, equipment, property, and personnel transferred to the DICT: 1) Information and Communications Technology Office; 2) National Computer Center; 3) National Computer Institute; 4) Telecommunications Office; 5) National Telecommunications Training Institute; and 6) all operating units of the Department of Transportation and Communications dealing with communications.

The following agencies, on the other hand, are attached to the DICT and will continue to operate and function in accordance with the charters, laws or orders creating them insofar as not inconsistent with R.A. 10844: 1) NTC; 2) NPC; and 3) Cybercrime Investigation and Coordination Center.

The policy decisions and recommendations of the DICT may have an impact the Company as a player in the ICT sector mainly due to its software licenses and services business section.

THE PHILIPPINE COMPETITION ACT

R.A. 10667 recognizes the constitutional mandate that the State shall regulate or prohibit monopolies when the public interest so requires and that no combinations in restraint of trade or unfair competition shall be allowed.

The PCC is created to implement the national competition policy. The PCC has, among others, the following powers:

1. Conduct inquiry, investigate, and hear and decide on acts involving any violation of R.A. 10667 and other existing competition laws motu proprio or upon verified complaint, and institute the appropriate civil or criminal proceedings;

2. Upon finding, based on substantial evidence, that an entity has entered into an anti-competitive agreement or has abused its dominant position after due notice and hearing, stop or redress the same, by applying remedies, such as, but not limited to, issuance of injunctions, requirement of divestment, and disgorgement of excess profits under such reasonable parameters that shall be prescribed by the rules and regulations implementing R.A. 10667;

3. Issue adjustment or divestiture orders including orders for corporate reorganization or divestment in the manner and under such terms and conditions as may be prescribed in the rules and regulations implementing R.A. 10667; and

4. Monitor and analyze the practice of competition in markets that affect the Philippine economy; implement and oversee measures to promote transparency and accountability; and ensure that prohibitions and requirements of competition laws are adhered to.

Given the foregoing, the PCC has the authority to penalize entities that enter into anti-competitive agreements or abuse their dominant position, as defined in the law.

It should be noted that R.A. 10667 does not appear to provide for an exception to its coverage as to listed companies. The implementing rules and regulations of R.A.10667 have been issued on May 31, 2016.

Given that the telecommunications industry is highly regulated, the Company should be careful in entering into arrangements with telecommunications companies that may be deemed to be anti-competitive and would place it under investigation by the PCC.

TARIFF AND CUSTOMS CODE OF THE PHILIPPINES

Laws On Importation

The TCCP provides that all articles, when imported from any foreign country into the Philippines, shall be subject to duty upon each importation, even though previously exported from the Philippines, except as otherwise specifically provided for in the TCCP or in other laws.

In 2014, the Department of Finance issued Department Order No. 12-2014 requiring importers to secure an ICC from the BIR as a pre-requisite for accreditation with the BOC. This is the first stage of the accreditation process that will enable importers to import and transact business with the BOC. Importers will then present the BIR ICC to the BOC as a final requirement for accreditation . However, in DO No. 011-2018 dated February 09, 2018 issued by the Department of Finance, it was mandated that the authority to accredit and register importers was reverted solely to the BOC. Thus, in an Advisory dated February 26, 2018, the BIR stated that it will no longer accept applications for ICC effective March 01, 2018.

The importation of WDN equipment and devices is governed by NTC MC No. 09-09-03 dated September 12, 2003, which specifically covers all WDNs and devices operating within 2400MHz to 2483.5MHz, 5150MHz to 5350MHz and 5470MHz to 5850MHz bands. WDN refers to a network of computers and other computing devices utilizing radio frequencies. Accredited dealers and suppliers intending to import WDN equipment and devices shall secure a permit to import from the NTC. The application for a permit to import shall be supported by *pro forma* invoice detailing, among others, the make/type/model and number of units to be imported. Upon release of the imported equipment and devices from the Bureau of Customs, a sales and stock report must be submitted to the NTC. The NTC shall issue NTC Type Approval/Acceptance Registration Number for each of the units imported upon payment of the required registration fee.

PENDING LEGISLATION

The following is a description of pending bills in the Philippine House of Representatives and Philippine Senate relating to the business of the Company which may have a material impact on the business, prospects or results of operations of the Company if formally enacted or noticed, as the case may be:

Pending Legislation in the Philippine House of Representatives

House Bill 00019 mandates the NTC to require internet service providers to deliver a minimum standard of 10 Mbps for internet connection speed.

House Bill 00272 requires all electric, cable and telecommunications companies to conduct periodic inspections of their respective utility line installations to ensure strict compliance with the standards and regulations provided under the Philippine Electrical Code.

House Bill 00633 regulates the use of utility poles, related support structures and rights of way for the transmission of telecommunication signals, as well as the rates, terms and conditions for pole attachments, for the purpose of ensuring that the public is charged reasonable rates for telecommunications services. It provides a formula for computing the applicable rate to be charged by the pole owner or the attaching company.

House Bill 00671 imposes a fine upon public telecommunication companies of three hundred thousand pesos (₱300,000.00) but not exceeding five million pesos (₱5,000,000.00) for every day that a violation of any certificate, authority, order, decision, resolution or regulation of the NTC continues.

House Bill 00941 requires all telecommunication companies to secure business permits and licenses from the local government units.

House Bill 03876 classifies internet service as a public utility and within the coverage of the NTC. The NTC is given the power to regulate the internet providers and to impose fines and penalties.

House Bills 01946 & 3052 amend R.A. 7925, also known as the Public Telecommunications Act of the Philippines to strengthen the powers of the NTC. A Quality of Service section is introduced to serve as a common reference for acceptable levels of quality for regulators, service providers, and consumers. In addition, the bills mandate the NTC to review and approve interconnection of telecommunications and internet service providers. The bills also seek to redefine VAS into "services that are over and above the core service of a telecommunications segment, that are not core services of other telecommunications segments."

House Bill 01951 requires all internet service providers to provide a minimum download speed of 10 Mbps.

House Bill 02871 promotes open access in data transmission, and expands the power of the NTC.

House Bill 02871 classified internet services as utilities imbued with public interest, and empowers the NTC to impose fines on telecommunication service providers for loss and overcharges imposed on subscribers.

House Bill 00341 codifies the salient provisions of Department Order No. 18-A on contracting and subcontracting. In addition, it introduces new innovations such as the imposition of a 20% of the workforce limitation on subcontracted workers and the imposition of new fines and penalties for violation of contracting rules.

House Bill 5337 classifies the provision of internet services, including high speed broadband services as basic services in order to expand the NTC's authority over internet service providers.

House Bill 00563 authorizes DOLE to ban and avert the practice of private companies of contractualization of employment and any form of flexibilization of labor toward a shift to regularization and security of tenure for contractual workers, laborers, and employees.

Pending Legislation in the Philippine Senate

Senate Bill No. 171 establishes a regulatory framework for the data transmission industry. It defines "Data Transmission" as the process of sending digital or analog data over a communication medium to one or more computing network/s, communication or electronic device/s. It enables the transfer and communication of devices in a point-to-point, point-to-multipoint, and multipoint-to- multipoint environment." It details the authority of the NTC over entities engaged in Data Transmission, the prohibited acts as well as the imposable penalties.

Senate Bill No. 68 provides amendments to the Public Telecommunications Policy Act of the Philippines, expanding the coverage and jurisdiction of the NTC to cover the regulation of the Internet and information and communications technology services.

Senate Bill No. 1116 requires contractors and subcontractors to obtain a license from the DOLE and pay a fee of ₱30,000.00, under pain of a fine of ₱100,000.00 for failure to comply. Any person or entity engaged in contracting and subcontracting must be a Filipino citizen or a corporation 100% of its outstanding capital stock entitled to vote is owned by Filipino citizens. The bills remain pending before the Senate's Committee on Rules.

Pending Administrative Issuances and Regulations

The NTC conducted public hearings/consulation on the following proposed memorandum circulars which may affect the operations of the Company:

- Memorandum Circular on "Designating All Cellular Mobile Telephone System (CMTS), 3G and Broadband wireless Access Frequency Bands for lnternational Mobile'ielecommunications-Advanced (lMT-Advanced)"; and

- Memorandum Circular on "Guidelines in the lssuance of Release Clearance and Certificate of Exemption of Various Radio Communications Equipment".

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Board of Directors is responsible for the overall direction and management of the Company. The Board reviews the results of operations and the Company's financial position on a monthly basis.

The Board and Senior Management

The Board of Directors is composed of eleven (11) directors, three (3) of whom are independent directors.

No person can be elected as director of the Company unless he or she is a registered owner of at least one (1) voting share of the capital in the Company. Each director has a term of one (1) year and is elected annually at the Company's shareholders meeting. A director who was elected or appointed to fill a vacancy holds the office only for the unexpired term of the predecessor.

The following table sets out certain information regarding the members of the Board and senior management.

Name	Age	Citizenship	Position	Appointment Date
Thomas G. Aquino	69	Filipino	Chairman	June 7, 2018
Jose S. Alejandro	83	Filipino	Vice-Chairman	June 7, 2018
Mel V. Velarde	54	Filipino	President and Chief Executive Officer	June 7, 2018
Angeline L. Macasaet	45	Filipino	Director, Corporate Secretary and Chief Information Officer	June 7, 2018
Winnita V. Ysog	53	Filipino	Director	June 7, 2018
Vicente Martin W. Araneta III	54	Filipino	Director	June 7, 2018
Gerard Bnn R. Bautista	54	Filipino	Director	June 7, 2018
Ramon Guillermo R. Tuazon	59	Filipino	Director	June 7, 2018
Andrew Joseph Z. Lorken	45	Filipino	Independent Director	June 7, 2018
Domingo B. Bonifacio	64	American	Independent Director	June 7, 2018
Marlou B. Ubano	45	Filipino	Independent Director, Chief Risk Officer	June 7, 2018
Vicente I. Penanueva	54	Filipino	Treasurer, Chief Finance Officer	June 7, 2018
Jozolly Rio O. Ramos	__	Filipino	Chief Audit Executive	June 7, 2018
Miguel Antonio S. Regal	33	Filipino	Compliance Officer	June 7, 2018

The business experience for the past five years of each of the Company's directors and senior management is set out below.

***Thomas G. Aquino**, Chairman*

Dr. Thomas G. Aquino is the Chairman of the Board of Directors of the Company. He was elected as member of the Board on June 2, 2016. He is a Senior Fellow at the Center for Research and Communication, a multidisciplinary policy group of the University of Asia and the Pacific. He is currently the President of NOW Telecom Company, Inc. (formerly Next Mobile, Inc.). He is an independent member of the Board of Directors of ACR Corporation, A Brown Company Inc., and member of the Board of Trustees of Asian Institute of Journalism and Communication. Dr. Aquino served as Senior Undersecretary of the Philippine Department of Trade and lndustry and supervised the country's international trade promotion, trade negotiations under the World Trade Organization and the ASEAN Free Trade Area, as well as bilateral trade talks with the country's major economic trading partners. He also served as overall lead country negotiator for the Philippines in the Japan Philippines Economic Partnership Agreement and was country representative to the High Level Task

Force on ASEAN Economic lntegration. For his government service, Dr. Aquino was conferred the Presidential Service Award (or Lingkod Bayan) for extraordinary contribution of national impact on public interest, security and patrimony and was a recipient of the Gawad Mabini Award with the rank of Grand Cross (or Kamanong) for distinguished service to the country both at home and abroad. Dr. Aquino obtained a Doctorate in Business Administration in 1980 from the IESE Business School, University of Navarre in Spain, MS in Industrial Economics in 1972 from the University of Asia and the Pacific, and AB in Economics in 1970 from the School of Economics of the University of the Philippines.

Jose S. Alejandro, *Vice-Chairman*

Mr. Jose S. Alejandro is the Vice-Chairman of the Company. He also served as Chairman of the Board of Directors of the Company on June 2, 2006 until March 22, 2007 when he resigned from said position and was elected as the Company's President. He served as President until January 21, 2008. Mr. Alejandro has also been a Member of the Board of Directors of NOW Telecom (formerly Next Mobile, Inc.) since 1989 and he now serves as the Board's Chairman. He is a business and management professional and leader with over 25 years of corporate experience. He was the former President and Chief Executive Officer of East Asia Power Resources, a local publicly-listed independent power producer during the period of local economic crisis (1997-1999), Country Manager for the Power Systems Business of General Electric Co. from 1987 to 1995, and Vice President -Marketing at GE Philippines, Inc. and General Manger of GE Appliance Co. In these capacities, he led the growth and success of this leading U.S. global diversified corporation in the Philippines. He holds a Bachelor of Arts and Bachelor of Law degrees from the Ateneo de Manila University, and is a member of the Philippine Bar.

Mel V. Velarde, *President and Chief Executive Officer*

Mr. Mel V. Velarde is the President and Chief Executive Officer of the Company. He was previously elected Vice-Chairman of the Company's Board of Directors on June 2, 2006 and served as such until March 22, 2007 when he was elected as Chairman of the Board of Directors. On January 21, 2008, he resigned from his chairmanship and was again elected as Vice Chairman of the Board until June 2, 2011. He was elected as President of the Company on June 13. 2011. Mr. Velarde is the Vice-Chairman and the Chairman of the Executive Committee of NOW Telecom (formerly Next Mobile, Inc.). He served as Philippine Commissioner to the United Nations Educational, Scientific and Cultural Organizations and Chairperson of the Committee on Science and Technology. Mr. Velarde has built a career in broadcasting, cable TV, telecommunications and information communications technology. He was former Executive Vice President and General Manager of Sky Cable. He obtained his Bachelor of Arts in Liberal Studies Major in Interdisciplinary Studies (Summa Cum Laude) at Boston University, Massachusetts, US. He completed the Owner/President Management Program at the Harvard Business School, Harvard University, Cambridge, Massachusetts. He has also completed courses leading to a Masters Degree in Business Economics at the University of Asia and the Pacific. He has taken Strategic Planning, Marketing and Finance at the Asian Institute of Management. In addition, he took up the following executive courses: Wealth Management at Wharton Business School, University of Pennsylvania; Strategic Finance, University of Michigan; Corporate Restructuring and Business Transformation at Harvard Business School; Digital Marketing at Harvard Business School; Managing Businesses in China, Tsinghua University and Harvard Business School; Directing Documentaries at the London School of Film and Television; Broadcasting and Cable Television, Satellite Communications, Data and Internet Communications at the United States Telecommunications Training Institute; Cybersecurity: Planning, Implementing and Auditing of Critical Security Controls (SANS, Washington D.C.); and Advanced and Competitive Sailing Certifications at the Swain Sailing School at Tortola, the British Virgin Islands, Caribbean. He has also completed digital cinematography, digital editing and film production management at University of California, Los Angeles (UCLA), Film Institute, CA.

Angeline L. Macasaet, *Director, Corporate Secretary and Chief Information Officer*

Atty. Angeline L. Macasaet is a Director, Corporate Secretary, and Chief Information Officer of the Company. She was elected as Member of the Board of Directors in 2009. She is a member of the Philippine Bar. She is also the Corporate Secretary of the various companies under the Velarde Group such as Velarde, Inc., Gamboa Holdings, Inc., Foodcamp Industries and Marketing, Inc., EII, as well as enfranchised companies such as NOW Telecom, GHT, Newsnet, among many others. She ensures the compliance of these companies with all regulatory requirements as well as the legal requirements involving specific transactions. Her extensive engagement involves all forms of litigation and in all fora. She also has extensive practice in the SEC, PSE, and the NTC. In addition to litigation, Atty. Macasaet has corporate practice all the way to the more complex engagements of management buy-outs, corporate mergers and share swap.

Winnita V. Ysog, *Director*

Ms. Winnita V. Ysog, age 51, Filipino, Director, was elected as member of the Board of Directors on 02 September 2016. She served as Marketing Manager of Wizard Academy, a school which offered preparatory education. She also served as Managing Director of Altimax Broadcasting, Inc. In 2004, she served as Vice-Chairman of the Executive Committee and Vice-President of the Human Resource and Quality Administration of Next Mobile, Inc. In 2009, she ventured into the beauty and wellness business and set-up Vanilla Spice. She is the President of Jonahs and Seths Holdings, Inc. She obtained her Bachelor of Science, Major in Tourism degree from the University of the Philippines, Diliman, where she received an award of Proficiency in French. She also obtained her Masters in Management from the Asian Institute of Management, Makati City. She is now the owner and founder of Mabuhay Ako - Bag of Life 360 and currently, the President of Rotary Club of Kamuning East, Rotary International District 3780.

Vicente Martin W. Araneta III*, Director*

Mr. Vicente Martin W. Araneta III was elected as member of the Board of Directors on June 2, 2016. Mr. Araneta is also a member of the Board of Directors and the Vice-President for Innovative Marketing of ActivAsia, Inc., a 360-degree marketing services company specializing in Out-of-Home, events, point-of-sale and channel activation, tourism marketing, sports marketing and creative services. He also serves as Director and President of Facilities, Inc. and as Chairman of Real Properties, Inc., the holding company of Facilities, Inc. and owner of the Palladium Subdivision. He is a member of the Mandaluyong Chamber of Commerce & Industry, Inc. and occupied various key positions including 1st Vice President-Director for the period 2004 until 2005. He is also a member of the Management Association of the Philippines and of the Chamber of Real Estate and Builders Associations, Inc. Mr. Araneta is a member of the Ateneo Alumni Association, Inc. and served as a member of its Board of Directors for the period 2005 until 2007 and 2009 until 2012. He is also the President of Ateneo, Inc. and a member since 2011 of the Philippine Association of Congress Exhibitors/ Organizers & Suppliers, Inc. (PACEOS). He is the incorporator of the Mandaluyong Business Foundation. Mr. Araneta also served as Director for the period 2004 to 2005 of the Philippine Science High School Foundation. He was also the Executive Director of North Philippines Visitors Bureau, Inc. for the period July 2008 to July 2010. He obtained his Bachelor of Arts in Interdisciplinary Studies at the Ateneo de Manila University in 1985.

Gerard Bnn R. Bautista, *Director*

Mr. Gerard Bnn R. Bautista was elected as a member of the Board of Directors on June 2, 2016. He is also currently the Chairman of the University of Baguio Foundation. He is a partner in BNN Bautista Associates, an Architecture & Planning firm established in 1969, and the President of Eduplan Philippines, Inc., a leading educational pre-need insurance company. He is a Charter Member of the Rotary Club of Makati, Greenbelt. He is also currently a member of various associations, namely, the Harvard Architectural and Urban Society, the Harvard Club of the Phils., the Harvard Alumni Alliance for the Environment, the Harvard Alumni Entrepreneurs, the Philippine Jaycees Senate, Rockwell Club, the Porsche Club of the Philippines, and the Rockwell Club, Baguio Country Club. He served as President of the Makati Jaycees. He obtained his Bachelor of Science in Architecture in the University of the Philippines. In 1987, he obtained post graduate studies in Information Technology for Architects in the Ateneo de Manila University. In 2002, he obtained post graduate studies in Financial Forecasting in the Center for Research and Communications in Mandaluyong. Likewise in 2002, he obtained post graduate studies in Finance for Senior Executives in the Asian Institute of Management in Makati City. He also obtained post graduate studies in Actual Planning and in School Planning and Design in Harvard University in Cambridge, Massachusetts.

Ramon Guillermo R. Tuazon*, Director*

Mr. Ramon Guillermo R. Tuazon was elected as member of the Board of Directors of the Company on June 2, 2016. Mr. Tuazon is also currently the President and Trustee of the Asian Institute of Journalism and Communication, Inc. He is also a member of the Board of Directors of the Singapore-based Asian Media Information Centre. Since 2007, Mr. Tuazon was the Chairman of the Commission on Higher Education Technical Committee for Communication and member of the CHED Technical Panel for Social Sciences and Communication. He serves as UNESCO Communication & Information Advisor. He also served UNESCO in various capacities: UNESCO Specialist for Myanmar from November 2012 to January 2014; representative of the UNESCO Regional Director to the UN Country Team in the Philippines from 2010 to 2012. He has co-authored six books, co-edited 15 books/monographs, written over 10 handbooks/modules, published numerous articles in international and national books, journals, and monographs. Among his latest publications are: *Multidisciplinary Inquiry on the Culture of Impunity in the Killing of Journalists (2013), and Media and Information Literacy: Curriculum for Teachers* (UNESCO Paris, 2011). He has contributed in several international publications including *Media and Information Literacy and Intercultural Dialogue* (NORDICOM, 2013) and *Gender Sensitive Indicators for Media* (UNESCO, 2012). He was a peer reviewer for the recent UNESCO publication, *Global Media Information Literacy Assessment Framework: Country Readiness and Competencies* (2013). Mr. Tuazon completed his Master in Communication Management from the AIJC and Bachelor of Science in Commerce from the University of Santo Tomas where he also took graduate work in advertising.

Domingo B. Bonifacio, *Independent Director*

Mr. Domingo B. Bonifacio was elected as an Independent Director of the Company on June 7, 2018. He is currently the Executive Vice President & General Manager of Automated Technology (Phil) Inc. Connectivity Division. In addition to these, Mr. Bonifacio was the President of Cirtek Advanced Technologies and Solutions, Inc. – Laguna from 2014 to 2015; President & CEO of REMEC Broadband Wireless International, Inc. – Laguna from 2005 to 2014; President & CEO of REMEC Manufacturing, Philippines, Inc. (Formerly Pacific Microwave Corporation acquired by REMEC, March 2001) from 2001 to 2005; Founder, President & CEO of Pacific Microwave Corporation, Philippines from 1995 to 2001; Director of Operations of Optical Microwave Networks Inc., San Jose, California, U.S.A. from 1989 to 1995; Manufacturing Manager of Litton Industries – MSS Division, Santa Clara, CA, U.S.A from 1987 to 1989; Manufacturing Manager of Gould Inc. – Microwave Products Division, San Jose, CA, U.S.A from 1983 to 1987; Manufacturing Manager of Dexcel Inc. – SATCOM Division, Santa Clara, CA, U.S.A from 1980 to 1983; and a member of the Technical Staff, Varian Associates, Solid State Div., Santa Clara, CA, U.S.A from 1977-1980. Mr. Bonifacio is also a member of the board of directors of Automated Technology (Phil), Inc. of Menlo Health and Wellness Innovations, Inc. and of REMEC Broadband and Wireless, Inc. from 2005 to 2014); a member of the board of trustee of Philippine Chamber of Industrial Estates and Ecozones and of Semiconductor and Electronics of the Philippines from 2011 to 2013; and Chairman of the Board of El Circulo Masantoleno Scholarship Foundation. Mr. Bonifacio obtained his B.S. Electronics and Communications in the University of Santo Tomas. He passed the Electronics and Communication Engineering Licensure Examination, Philippines in 1977. He also took Microwave Engineering in the University of California, Berkley, CA.

Andrew Joseph Z. Lorken, *Independent Director*

Andrew Lorken is one of the Company's Independent Directors and was elected on June 7, 2018. Mr. Lorken is concurrently the Managing Director of Aux Armes Investments, a private telecom, technology, and transactions investment and advisory firm. Mr. Lorken is an accomplished Telecommunications and Information Technology Executive. He has extensive experiences in IT transformation, Operations Alignment, and Technological Innovations. His leadership has positively affected companies such as Telstra, Vodafone, Foxtel, and even served in the New South Wales Government. He also led the Accenture's National Broadband Network (NBN) Account which delivered FTTP/N/B HFC, Fixed Wireless and Satellite Access Network to Australia. He led the consortium partnership of the National Broadband Network Operations which includes ARRIS, and Nokia Alu. He managed over 1,200 multinational staff which included Australia, India and the Philippines. He now manages Aux Armes Investments, a private boutique telecom, technology, and transactions investments and advisory firm, which now stands to over AUD 8 million in less than two (2) years. The company focuses on the transactions developing telecommunications in the Asia-Pacific region, Australia, and Southern Europe. Mr. Lorken graduated in the University of Wollongong, Australia in 1995 with a Degree in Commerce and Law. His has attained his Executive Education from the Harvard Business School which includes Advanced Operations Strategy (2005), Advanced Management Program (2014), and Entrepreneurship (2018).

Marlou Buenafe Ubano, *Independent Director and Chief Risk Officer*

Atty. Marlou Buenafe Ubano was elected as a member of the Board of Directors on June 7, 2018 and appointed as Chief Risk Officer on June 7, 2018. Atty. Ubano has been in the practice of law for fifteen years. He is the Founding Partner of the Ubano Sianghio & Lozada Law Offices which was established in June 2002. He is currently a Governor of Integrated Bar of the Philippines – Western Visayas Region. He served as Assistant Secretary for Legal Affairs of the Philippine Department of Transportation and Communications from 2011 to

2013. He was the Commissioner of the Commission on Bar Discipline, Integrated Bar of the Philippines from 2005 to 2007. He also served as President of the Integrated Bar of the Philippines - Capiz Chapter from 2007 to 2009 and again in 2011, and as Deputy Governor of the Integrated Bar of the Philippines – Western Visayas Region from 2011 to 2013. Atty. Ubano was awarded the Presidential Plaque of Merit from the IBP National President in 2007, and a Plaque of Recognition as the Most Outstanding IBP Capiz President in 2009. Atty. Ubano is a Member of the Asean Law Association and the Intellectual Property Association of the Phils., Inc. He obtained his Bachelor's Degree in Law and Political Science in the University of the Philippines.

Vicente I. Penanueva, *Treasurer and Chief Finance Officer*

Mr. Vicente I. Penanueva, CPA, was elected as the Company's Chief Financial Officer on January 20, 2017. Mr. Penanueva brings to the Company more than 30 years experience in Corporate Finance, Controllership, Audit and Accounting. Before he joined the Company, he was the Finance and Accounting Manager of Aruze Global Shared Services and was in-charge of Corporate Accounting and Reporting of seven companies. From 2012 to 2013, he was the Accounting Manager of Century Peak Metals Holding Corporation, also a publicly listed company. From 2011 to 2012, he served as Accounting Manager of Great Image Services Corporation. From 1997 to 2011, he served as Senior Financial Planning, Budget and Accounting Manager of Universal Leaf Philippines, Inc. a multinational company. Mr. Penanueva is a Certified Public Accountant. He graduated from Ateneo De Davao University in 1985.

Jozolly Rio O. Ramos, *Chief Audit Executive*

Ms. Jozolly O. Ramos, was appointed as Chief Audit Executive of Now Corporation on June 18, 2018. Ms. Ramos has 12 years experience in Corporate Finance, Risk Management and Compliance. She started as the Junior Accountant of HDI Securities, Inc. She step up her career in HDI Securities when she became a Certified Associated Person by passing the Five Module Exam given by the Securities and Exchange Commission. In 2010, She became the Associated Person for Operation in Nieves Securities, Inc and on 2013 in Luys Securities Co., Inc. She imparts her knowledge in her profession as a part time faculty in Emilio Aguinaldo College since 2008. She is a Certified Public Accountant. She graduated Cum Laude from the Eastern Visayas State University in 2005 and finished her Masters in Business Administration with specialization in Capital Markets in Lyceum of the Philippines University in 2012.

Miguel Antonio S. Regal, *Compliance Officer*

Atty. Miguel Antonio S. Regal is a member of the Philippine Bar. He is also currently a Legal Counsel and the Compliance Officer of the Company. He assists in the compliance of the various companies under the Velarde Group such as Velarde, Inc., Gamboa Holdings, Inc., Food Camp Industries and Marketing, Inc., EII, NOW Telecom, GHT, Newsnet, among many others, with all regulatory requirements as well as the legal requirements involving specific transactions. Prior to joining the Company, he practiced law as an associate of the Suarez & Narvasa Law Firm and also served as the Assistant Corporate Counsel of Major Homes, Inc., a real estate development company. He has significant experience in handling cases involving Business & Corporate Law, Litigation & Dispute Resolution, Labor Law, Intellectual Property Law, and Civil Law.

Significant Employees

While the Company considers and values the collective efforts of its non-executive employees as vital to its success, it does not rely on key individuals for the conduct of its business. Therefore, the resignation or loss of any non-executive employee will not have any significant adverse effect on the business. There are no special arrangements with non-executive employees to assure their continued stay with the Company, other than standard employment contracts.

Family Relationships

None of the Company's directors and executive officers are related up to the fourth civil degree of consanguinity or affinity, except for Mr. Mel V. Velarde, President and Chief Executive Officer, whose sibling Ms. Winnita V. Ysog was elected as a regular director during the June 1, 2017 annual meeting of the stockholders.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

To the best of the Company's knowledge and belief and after due inquiry, except as discussed below, none of the directors, nominees for election as director, or executive officers of the Company have, in the five (5) year period prior to the date of this Prospectus:

- had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time;
- convicted by final judgment in a criminal proceeding, domestic or foreign;
- subjected to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or
- found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

Directors and Executive Compensation

The following are the Company's President and four (4) most highly compensated executive officers:

Name	Position
Mel V. Velarde	President and Chief Executive Officer
Thomas G. Aquino	Chairman
Angeline L. Macasaet	Corporate Secretary
Vicente I. Penanueva	Chief Finance Officer

The following table identifies and summarizes the aggregate compensation of the Company's President and four (4) most highly compensated executive officers for the years ended December 31, 2017, 2016 and 2015:

	Year	Total Annual (₱)
President and four (4) most highly compensated executive officers named above	2013	19,963,746.11
	2014	5,829,249.42
	2015	6,858,807.84
	2016 2017 2018 (Estimated)	12,390,177.43 12,939,053.42 13,901,000.00
Aggregate compensation paid to all other officers and Directors as a group unnamed	2013	34,500.00
	2014	95,000.00
	2015	128,500.00
	2016 2017 2018 (Estimated)	410,000.00 295,000.00 228,000.00

Standard Arrangements

Other than the payment of reasonable per diem amounting to ₱5,000.00 for attendance in a board meeting, there are no standard arrangements pursuant to which the directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director.

Other Arrangements

There are no other arrangements pursuant to which any directors of the Company was compensated, or to be compensated, directly or indirectly, for any service provided as a director. No bonus was provided for the years 2012 to 2015.

Warrants and Options Outstanding

As at that date of this Prospectus, there are no outstanding warrants or options for the common shares held by the Company's directors and executive officers.

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

Shareholder

As of March 31, 2018, the principal stockholders of the Company, their respective number of common shares and their corresponding percentage ownership in the Company out of the total common shares outstanding in the Company, are as follows:

Title of Class	Name	Citizenship	No. of Shares Held	Percent
Common	PCD Nominee Corporation	Filipino	561,981,562	37.03
Common	Top Mega Enterprises, Limited	Chinese	342,146,855	22.55
Common	Velarde, Inc.	Filipino	200,571,550	13.21
Common	Emerald Investments, Inc.	Filipino	176,739,360	11.64
Common	Foodcamp Industries & Marketing, Inc.	Filipino	76,696,472	5.05
Common	Joyce Link Holdings, Limited	BVI	86,208,552	5.68
Common	Gamboa Holdings, Inc.	Filipino	72,464,720	4.77
Common	William N. Chua Co Kiong	Filipino	145,000	<.01
Common	Thomas G. Aquino	Filipino	1	<.01
Common	Mel V. Velarde	Filipino	10	<.01
Common	Jose S. Alejandro	Filipino	10	<.01
Common	Vicente Martin W. Araneta III	Filipino	1	<.01
Common	Ramon Guillermo R. Tuazon	Filipino	1	<.01
Common	Gerard Bnn R. Bautista	Filipino	1	<.01
Common	Marlou B. Ubano	Filipino	1	<.01
Common	Andrew Joseph Z. Lorken	Filipino	1	<.01
Common	Winnita V. Ysog	Filipino	1	<.01
Common	Domingo B. Bonifacio	Filipino	1	<0.1
Common	Angeline L. Macasaet	Filipino	11	<.01
Common	Other Nominal Stockholders (holding less than 10,000 shares)		316,242	<.02
Total			**1,517,270,352**	**100%**

Note: The information in the table above were derived from the List of Top 100 Stockholders as of March 31, 2018.

Security ownership of certain record and beneficial owners holding more than 5% of the Company's voting securities as of the date of this Prospectus

The table below shows the record and/or beneficial owner(s) of more than five percent (5%) of the Company's voting securities as of March 31, 2018:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	**Top Mega Enterprises, Limited** Unit 503-4, 5/F Fu Fai Commercial Centre, 27 Hillier Street, Sheung Wan Hong Kong	Direct	Chinese	342,146,855	22.55
Common	**Emerald Investments, Inc.** Unit 5-I, 5th Floor, OPL Building, 100 C. Palanca St., Legaspi Village, Makati City	Direct/ Indirect	Filipino	176,739,360	11.64

Common	**Velarde, Inc.** Unit 5-I, 5th Floor, OPL Building, 100 C. Palanca St., Legaspi Village, Makati City	Direct	Filipino	200,571,550	13.21
Common	**Foodcamp Industries & Marketing, Inc.** Unit 5-I, 5th Floor, OPL Building, 100 C. Palanca St., Legaspi Village, Makati City	Direct	Filipino	76,696,472	5.05
Common	**Joyce Link Holdings, Limited** Unit 503-4, 5/F Fu Fai Commercial Centre, 27 Hillier Street, Sheung Wan Hong Kong	Direct	BVI	86,208,552	5.68
Common	**PCD Nominee Corporation**	Direct	Filipino	561,981,562	37.03

Note: The information in the table above were derived from the List of Top 100 Stockholders as of March 31, 2018.

Security Ownership of Management as of the date of this Prospectus

The table below shows the securities beneficially owned by all the directors, nominees and executive officers of the Company as of March 31, 2018. The directors and officers of the Company have no security ownership in the capital stock of the Company other than the qualifying shares recorded in the names of the directors but beneficially owned by Velarde, Inc., Gamboa Holdings, Inc. and Foodcamp Industries and Marketing Inc.

Title of Class	Name of beneficial owner	Position	Citizenship	Amount and nature of beneficial ownership	% of total outstanding Shares
Common	Thomas G. Aquino	Chairman	Filipino	1	<.01
Common	Mel V. Velarde	President and CEO	Filipino	10	<.01
Common	Jose S. Alejandro	Board Member	Filipino	10	<.01
Common	Vicente Martin W. Araneta III	Board Member	Filipino	1	<.01
Common	Ramon Guillermo R. Tuazon	Board Member	Filipino	1	<.01
Common	Gerard Bnn R. Bautista	Board Member	Filipino	1	<.01
Common	Marlou B. Ubano	Board Member, Chief Risk Officer	Filipino	1	<.01
Common	Winnita V. Ysog	Board Member	Filipino	1	<.01
Common	Domingo B. Bonifacio	Board Member	Filipino	1	<.01
Common	Andrew Joseph Z. Lorken	Board Member	Filipino	1	<.01
Common	Angeline L. Macasaet	Board Member, Corporate Secretary, Chief Information Officer	Filipino	11	<.01
-	Jozolly Rio O. Ramos	Chief Audit Executive	Filipino	N/A	N/A
-	Vicente I. Penanueva	Treasurer, Chief Finance Officer	Filipino	N/A	N/A

-	Miguel Antonio S. Regal	Compliance Officer	Filipino	N/A	N/A

Note: The information in the table above were derived from the List of Top 100 Stockholders as of March 31, 2018.

None of the members of the Company's board of directors and management owns 2.0% or more of the outstanding capital stock of the Company.

Except as disclosed above, none of the Company's other executive officers or department managers own shares directly or indirectly in the Company. Ownership in the Company is limited to that indicated in the foregoing.

Voting Trust Holders of 5% or more shares

The Company is not aware of any person holding more than 5% of shares under a voting trust or similar agreement.

Change in Control

The Company is not aware of any arrangements that would result in a change in control of the Company.

RELATED PARTY TRANSACTIONS

The Company, in the ordinary course of its business, is engaged in transactions with related parties. Save for the advances given by the Company to NOW Telecom, the terms of which are due on demand and non-interest bearing, all related party transactions are made on an arms-length basis in a manner similar to transactions with non-related parties. Some of the related party transactions have specific agreement wherein terms of payment are due and demandable. In the normal course of business, below are the transactions entered into with related parties:

Related Party	Nature of Relationship	Nature of Transaction	Elements of Transactions			
			Balance Sheet		Income Statement	
			2017	2016	2017	2016
IMX Broadband, Inc.	Associate	Loans and receivables interest income	27,497,744	27,030,711	467,033	467,033
Gamboa Holdings, Inc.	Affiliate	Receivable	2,000	–	–	–
Emerald Investments Inc.	Stockholder	Loans and receivables	40,848	40,848	–	–
		Payables	2,902,918	2,902,918		
NOW Telecom Company, Inc.	Associate	Receivable	76,847,947	59,746,501	5,922,280	7,500,000
		Payables	878,208	878,208		
		Investment	1,289,278,350	1,289,278,350		
Velarde Inc.	Stockholder	Loans and receivables	1,680,000	1,440,000	240,000	240,000
		Payables	141,326,866	68,322,816		
		Interest payable	59,903,586	59,903,586		
Softweb Consulting, Inc.	Associate	Deposit for future subscription	0.00	0.00	–	5,000,000
		Loans and receivables	714,000	714,000	–	–
		Trade Receivables	2,380,860	2,380,860	–	–
		Receivables	487,344	487,344		
		Payables	–	–	–	–
		Sales	16,401,451	16,401,451	–	5,412,232
		Management fee	15,590,000	15,590,000	–	–
Holy Cow Animation, Inc.	Associate	Loans and receivables	2,367,771	2,367,771	–	–
		Investment	9,248,449	9,248,449	–	–
ThumbMob	Associate	Investment	14,344,369	14,344,369	–	–

Related Party	Nature of Relationship	Nature of Transaction	Elements of Transactions			
			Balance Sheet		Income Statement	
			2017	2016	2017	2016
Porteon SEA, Inc.	Associate	Loans and receivables	2,160,300	2,160,300	–	–
KPSC	Associate	Loans and receivables	209,708	204,708	11,756,110	50,716,312
		Payables	13,038,492	15,450,244		
AIJC	Associate	Loans and receivables	489,109	471,061	–	–
Paradiso Verde	Associate	Payables	3,963,674	3,963,674	–	–
Newsnet	Associate	Loans and receivables	72,802,500	39,240,960	24,235,946	13,753,088
GHT Network Inc.	Associate	Receivables	52,620,937	34,681,301	20,600,000	15,450,000
I-College	Associate	Receivables	720	720	930,313	930,313
		Payables	5,736,925	4,806,612		

NOW Telecom Company, Inc.

In 2005, the Company entered into an agreement to promote and market the telecommunications services of NOW Telecom to the Company’s clients for a period of three (3) years until May 2008, for the consideration of ₱5.0 million. The Company also entered into a financial advisory and arrangement agreement in relation to NOW Telecom’s interest in obtaining additional private equity investments as well as loans and credit accommodations from local and international banks and financial institutions, for the consideration of ₱850,000.00 plus the amount equivalent to 3% of the gross amount of investment and/or loan credit accommodations obtained would be paid by NOW Telecom.

On June 1, 2015, the Company entered into an agreement with NOW Telecom. Under said agreement both parties mutually agreed to collaborate and interconnect their respective networks in order to provide VAS to the public. In addition, the Company granted interest-free advances to NOW Telecom for working capital and administrative requirements.

The Company entered into another agreement with NOW Telecom on July 31, 2015 to collaborate and interconnect their respective networks to provide VAS to the public. NOW Telecom shall paid a communication fee for the use of its communication network. On December 5, 2016, the parties agreed to include a revenue-sharing provision into their agreement. In this revenue-sharing provision, NOW Telecom shall be entitled to 5% of the gross sales, while the Company shall be entitled to 95% of the gross sales derived from the VAS provided. On December 5, 2016, the parties agreed to amend Chapter 5 of their VAS contracts to add a provision on revenue sharing. On December 23, 2016, the parties further agreed to amend their VAS contracts to include additional fees to be charged to the Company for the cost of bandwidth purchased by GHT, Newsnet and NOW Telecom.

In 2016, the Company entered into an agreement with NOW Telecom to provide project management services, design and planning services and installation services. Service revenue recognized in 2017 for the technical service provided to NOW Telecom amounts to ₱7,800,000.

Amounts owed by NOW Telecom as of December 31, 2017 and December 31, 2016 amounted to ₱63,745,439 and ₱51,346,501, respectively.

IMX Broadband Inc.

On August 30, 2005, the Company entered into a loan agreement with IMX Broadband Inc. for research and development purposes in connection with the latter's plan to expand its IT platform and introduce IT related products and services. The loan is subject to 9.0% interest per annum and is payable no later than August 30, 2010. Partial pre-payments on the principal may be made prior to this date. The interest is due and demandable only on maturity date. Interest was reduced to 5.5% per annum in 2007 and which was subject to annual repricing subsequent to 2007.

On June 25, 2010, both parties agreed to extend the maturity of the loan from August 30, 2010 to August 30, 2012. On August 31, 2012, both parties agreed to extend the maturity of the loan up to August 30, 2015, with the interest rate further reduced to 3% per annum starting January 1, 2013. On August 31, 2015, both parties agreed to extend the maturity of the loan to five (5) years ending August 30, 2020. Interest was retained at 3% per annum. Interest income amounted to ₱467,033 for the years ended December 31, 2017 and 2016. As of December 31, 2017 and December 31, 2016, amounts owed by IBI including interest amounted to ₱27,497,744 and ₱27,030,711, respectively.

Emerald Investments, Inc.

In 2007, EII, a stockholder of the Company, gave non-interest bearing advances to the Company to fund the working capital requirements of the Company.

In 2008, the Company entered into an agreement with EII for the lease of a 270 square meter condominium unit in Makati. The lease agreement was extended on January 2015 for a year up to December 2016.

As of December 31, 2017 and December 31, 2016, the Group has outstanding liabilities to EII amounting to ₱2,902,918 which arose from the Group's sub-lease agreement with EII that ended in 2011.

Amounts owed by EII as of December 31, 2017 and 2016 amounted to ₱40,848.

Knowledge Professionals Service Cooperative

On July 16, 2010, the Company entered into a service agreement with KPSC, for the provision of consultancy and manpower services according to the needs of the Company.

The initial period was for one year, beginning July 16, 2010 to July 15, 2011 extended up to July 15, 2012. On January 1, 2013, the Company renewed its service agreement with KPSC for a period of four (4) years beginning January 1, 2013 up to December 31, 2016. On January 3, 2017, the Company renewed its service agreement with KPSC for a period of five (5) years beginning January 3, 2017 up to January 2, 2022.

Under the service agreement, KPSC shall provide consultancy and manpower services depending on the services specifically required by the Group. Amounts owed to KPSC, in relation to the service agreement amounted to ₱13,038,492 and ₱15,450,244 as of December 31, 2017 and December 31, 2016, respectively. These are recognized under "Accounts payable and accrued expenses".

In 2016, the Group's administrative and management functions, including key management personnel, are being handled by personnel of KPSC. However, in February 2017, the Group transferred the administrative and management functions, including key management personnel, to the Company.

Outside services incurred by the Group for the provision of key management personnel services that are provided by KPSC amounted to P2,863,646 and P6,176,177, for the years ended December 31, 2017 and 2016, respectively.

Velarde, Inc.

Due to related parties include interest bearing advances from Velarde, Inc. for working capital and investment requirements. Interest rate for these loans is at 18.0% per annum or 1.5% per month.

On January 22, 2015, Velarde, Inc. agreed to convert its advances amounting to ₱200,000,000 into equity interest in the Company for 200,000,000 common shares with a par value of one peso (₱1.00) per share. It was further agreed that the remaining balances and subsequent advances from Velarde, Inc. shall no longer be subject to interest and shall be due on demand.

On April 14, 2016, Velarde, Inc. and the Group agreed to convert remaining advances amounting to ₱223,458,035 into additional equity interest in the Company. On April 29, 2016, the Company's Board of Directors approved the conversion into equity of the advances from Velarde, Inc. amounting to ₱264,000,000 at a conversion price of ₱1.22 per share computed on the volume-weighted average price of the Company's shares for a 30-day trading period ended April 14, 2016.

On June 20, 2016, additional advances were incurred from Velarde, Inc, through the latter's payment of the loans payable to bank on behalf of the Company amounting to ₱44,500,000.

Outstanding accrued interest, presented as part of the "Accounts payable and accrued expenses", amounted to ₱59,903,586 as of December 31, 2017 and 2016. Due to Velarde, Inc. amounted to ₱141,326,866 and ₱68,322,816 as of December 31, 2017 and 2016, respectively.

The Group charges Velarde, Inc. management fees for the administration and operations of the latter. Management fees charged to Velarde, Inc. amounted to ₱240,000 for the year ended December 31, 2017 and 2016.

The Group has outstanding trade receivable from Velarde, Inc. amounting to ₱1,680,000 and ₱1,440,000 as of December 31, 2017 and 2016, respectively.

GHT Network Inc.

In January 2015, the Company entered into an agreement with GHT to provide bandwidth services to its customers. The Company provided infrastructure build-up, technology consultancy and technology design and consultancy. Revenues from this transaction amounted to ₱10,000,000.00. In the same year, the Company entered into another agreement with GHT to collaborate and interconnect their respective networks to provide value added services to the public. GHT shall paid a communication fee for the use of its communication network.

On December 5, 2016, the parties agreed to include a revenue-sharing provision into their agreement. In this revenue-sharing provision, GHT shall be entitled to 5% of the gross sales, while the Company shall be entitled to 95% of the gross sales derived from the VAS provided. On December 23, 2016, the parties further agreed to amend their VAS contracts to include additional fees to be charged to the Company for the cost of bandwidth purchased by GHT, Newsnet and NOW Telecom.

On January 4, 2016, the Company entered into contracts with GHT and Newsnet similar to those entered into in 2015, but with a term of three (3) years for infrastructure build-up and technology design, and ten (10) years for consultancy.

As of December 31, 2017 and 2016, the outstanding amounts due from GHT amounted to ₱8,588,889 and ₱6,177,301, respectively.

In 2016, the Group entered into contracts with GHT, Newsnet and NOW Telecom whereas the Group will provide project management services, design and planning services and installation services covering up to 10 major network hubs for a total contract price of ₱45,000,000 each. Right to receive payments arise upon acceptance of GHT, Newsnet and NOW Telecom of completed hubs. Payments are due upon receipt of invoice. A total of nine (9) and ten (10) hubs were completed for GHT and Newsnet, respectively as of December 31, 2017. Service revenue recognized in 2017 amounts to ₱45,000,000 each for GHT and Newsnet.

Included in the contract entered in 2016, the Company will provide technology consultancy services for a period of ten (10) years with an monthly fee of ₱50,000 each for GHT and Newsnet. Service revenue recognized in 2017 amounts to ₱600,000 each for GHT and Newsnet. The Group has an outstanding receivables from GHT amounting to ₱44,032,048 and ₱28,504,000 as of December 31, 2017 and 2016, respectively.

News and Entertainment Network, Inc.

In January 2015, the Company entered into an agreement with Newsnet to provide bandwidth services to its customers. The Company provided infrastructure build-up, technology consultancy and technology design and consultancy. Revenues amounted to ₱10,000,000.00. In the same year, the Company entered into another agreement with Newsnet to collaborate and interconnect their respective networks to provide VAS to the public. Newsnet shall be paid a communication fee for the use of its communication network.

On January 4, 2016, the Company entered into contracts with GHT and Newsnet similar to those entered into in 2015, but with a term of three (3) years for infrastructure build-up and technology design and ten (10) years for consultancy.

On December 23, 2016, the parties agreed to include a revenue-sharing provision into their agreement. In this revenue-sharing provision, Newsnet shall be entitled to 5% of the gross sales, while the Company shall be entitled to 95% of the gross sales derived from the VAS provided. On December 5, 2016, the parties agreed to amend Chapter 5 of their VAS contracts to add provision on revenue sharing. On December 23, 2016, the parties further agreed to amend their VAS contracts to include additional fees to be charged to the Company for the cost of bandwidth purchased by GHT, Newsnet and NOW Telecom.

On January 4, 2016, the Company entered into contracts with GHT and Newsnet similar to those entered into in 2015, but with a term of three (3) years for infrastructure build-up and technology design and ten (10) years for consultancy.

The Group also has an outstanding receivables from Newsnet amounting to ₱53,441,589 and ₱28,504,000 as of December 31, 2017 and 2016, respectively.

Key Management Personnel

In February 2017, the administrative and management functions, including key management personnel, were transferred to the Group. Compensation of identified key management personnel, classified as short-term employee benefits, amounted to ₱9,124,721.

CORPORATE GOVERNANCE

The Company adopted its Revised Manual on Corporate Governance ("Manual"). The policies set out in the Manual are consistent with the Code of Corporate Governance for Publicly-Listed Companies (SEC Memorandum Circular No. 19, Series of 2016) and leading practices on good corporate governance. The Manual lays down the guidelines for good corporate governance for the entire organization. The Manual sets the framework of rules, systems and processes in the corporation that governs the performance by the Board of Directors and management of their respective duties, responsibilities, and obligations to the Company, its stockholders and other stakeholders which include among others, customers, employees, suppliers, financiers, government and community in which it operates.

The Manual contains the following key provisions:

1) **Board of Directors and Management**. States the general responsibilities, duties and functions, qualifications and disqualifications and remuneration of the Board of Directors and officers.

2) **Checks and Balances.** Provides for the guidelines on disclosure and transparency and monitoring of the implementation by the Compliance Officer, who will review and recommend penalties for any violation or non-compliance with the Manual.

3) **Stockholders' Rights and Protection.** Provides for the stockholders' rights and benefits and protection of the minority stockholders' interest.

4) **Creation of Committees**. Mandates the creation of the Audit Committee, Nomination Committee, and Compensation or Remuneration Committee, to ensure the performance of certain functions of the Board of Directors and Management.

Independent Directors

The Manual mandates the Company to have at least two (2) independent directors in the Board, one of whom must serve on each of the Audit Committee, the Nomination Committee, and the Compensation and Remuneration Committee. An independent director is defined as a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship that could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director. The Company has elected Marlou B. Ubano, Andrew Joseph Z. Lorken and Domingo B. Bonifacio, as its independent directors.

Committees of the Board

Pursuant to the Company's Manual, the Board of Directors has created each of the committees and appointed members to each committees as set forth below. Furthermore, the Board of Directors created the Management Committee to exercise good governance of the Company.

Audit and Risk Management Committee

The Audit and Risk Management Committee is responsible for overseeing the financial facet of the Company. It is tasked to ensure effectiveness and continuous improvement in the business operations, management and governance of the Company. The Audit and Risk Management Committee shall perform the following key functions, among others: (i) perform oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations; (ii) perform oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation; (iii) perform oversight functions over the Corporation's internal and external auditors and ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions; (iv) review the annual internal audit plan to ensure its conformity with the objectives of the Corporation; (v) prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit; (vi) organize an internal audit department; (vii) monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security; (viii) review the reports submitted by the internal and external auditors; (ix) review the quarterly, half-year and annual-financial statements before their submission to the Board, with particular focus on the following matters: any change/s in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards, compliance with tax, legal and regulatory requirements; (x) coordinate, monitor and facilitate compliance with laws, rules and regulations; (xi) evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Corporation's overall consultancy expenses. Any non-audit work that will conflict with the duties of an external auditor or may pose a threat to his independence shall be disallowed; (xii) establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee.

The Audit and Risk Management Committee has a charter that set out its purposes, membership, structure, operations, reporting process, resources and other relevant information in accordance with SEC Memorandum Circular No. 4, Series of 2012.

The Audit and Risk Management Committee is composed of three (3) members, one of whom shall be an independent director, namely: Marlou B. Ubano, Ramon Guillermo R. Tuazon and Gerard Bnn R. Bautista.

Nomination and Election Committee

The Nomination and Election Committee is responsible for the establishment and maintenance of the process for the nomination of competent and qualified directors before the election at the Annual General Stockholders' Meeting. The Nomination Committee's functions also include the evaluation of qualified persons to be nominated for positions to be appointed by the Board.

The Nomination and Election Committee is composed of no less than three (3) members, one of whom shall be an independent director, namely: Vicente Martin W. Araneta III, Jose S. Alejandro and Marlou B. Ubano.

Compensation Committee

The key functions of the Compensation Committee are to: (i) establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment; (ii) designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully; (iii) establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers; (iv) develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired; (v) disallow any director to decide his or her own remuneration; (vi) review (if any) of the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts; or (vii) in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above.

The Compensation or Remuneration Committee is composed of no less than three (3) members, one of whom shall be an independent director, namely: Thomas G. Aquino, Marlou B. Ubano and Winnita V. Ysog.

Management Committee

The Management Committee exercises the powers of the Board in the day to day management of the business and affairs of the Company, except on particular actions specifically reserved for the Board.

The Management Committee is composed of no less than three (3) members, namely: Thomas G. Aquino, Mel V. Velarde and Angeline L. Macasaet.

DESCRIPTION OF THE SHARES

The following general information in relation to the Company's capital stock does not purport to be a complete listing of all the features, rights, obligations or privileges of the Offer Shares, and is qualified by reference to the applicable provisions of the Company's amended articles of incorporation. Some rights, obligations and/or privileges may be further restricted by other documents.

The Company was originally incorporated on June 5, 1996 as MF Schroder & Co., Inc., initially to engage in the purchase and sale of securities. MF Schroder & Co., Inc. was then a wholly-owned subsidiary of Amalgamated Investment Bancorporation, a full-fledged and duly licensed investment house.

In 1998, the Company was renamed to MFS Markets, Inc. On January 16, 2002, the Company changed its name from MFS Markets, Inc. to Cashrounds, Inc. with the primary purpose of engaging in the business of securities brokerage relating to the sale, transfer or exchange of every description of shares of stock and bonds, and to execute such transactions with the use of information technology.

On April 28, 2006, the Company entered into a Memorandum of Agreement with NOW Telecom and its five controlling shareholders namely, Top Mega Enterprises Limited, Joycelink Holdings Limited, Gamboa Holdings, Inc., Emerald Investments Inc., Foodcamp Industries and Marketing, Inc. (collectively known as, "NOW Telecom Shareholders"). The Company and the NOW Telecom Shareholders agreed to swap the shares in NOW Telecom with new shares of the Company, pursuant to an increase in its authorized capital stock. As a result of said restructuring, the NOW Telecom Shareholders acquired 97% equity interest in the Company. In turn, the Company acquired 19% equity interest in NOW Telecom. Currently, NOW Telecom is an affiliate and business partner of the Company.

On September 19, 2006, the Company was renamed to ICTV.

On July 24, 2008, the Company changed its primary purpose and transitioned into telecommunications, media and information technology products and services.

SHARE CAPITAL

On September 2, 2016, the Board of Directors of the Company approved the amendment in the Articles of Incorporation of the Company to reclassify 60,000,000 unissued common shares to redeemable convertible non-participating and non-voting Peso-denominated preferred shares, with or without detachable warrants, with a par value of one peso (₱1.00) per share. On November 8, 2016, the stockholders of the Company representing two-thirds (2/3) of its outstanding capital stock approved the amendment.

On January 6, 2017, the Company filed an application with the SEC for the approval of the said amendment, which was approved by the SEC on January 10, 2017.

Pursuant to the Company's amended Articles of Incorporation, the Company has an authorized capital stock of ₱2,120,000,000.00 consisting of 2,060,000,000 common shares and 60,000,000 preferred shares, both classes of shares with a par value of one peso (₱1.00) per share.

Following the above amendment and prior to the Offer, the subscribed capital of the Company is ₱1,517,278,350, consisting of 1,517,278,350 common shares, which are all fully paid-up; while its unissued or unsubscribed capital stock is 602,721,650.

After the Offer, the total unissued or unsubscribed capital stock of the Company will be [597,721,650] excluding the oversubscription option and 592,721,650 including the oversubscription option.

On April 29, 2016, the Board of Directors of the Company approved the amendment in the Articles of Incorporation of the Company to increase its authorized capital stock from ₱2,120,000,000.00 divided into 2,120,000,000 common shares to ₱3,000,000,000 divided into 3,000,000,000 with a par value of one peso (₱1.00) per share. The Board of Directors of the Company likewise approved the conversion of the ₱264,000,000 advances of its shareholder, Velarde, Inc. into equity. On June 2, 2016, the stockholders of the Company representing two-thirds (2/3) of its outstanding capital stock approved the amendment. The Company is in the process of filing an application to increase its authorized capital to ₱3,000,000,000 with the SEC.

A corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in its articles of incorporation and by-laws. Subject to the approval by the SEC, a corporation may increase or decrease its authorized capital stock upon approval by a majority of the board of directors and by its shareholders representing at least two-thirds (2/3) of the outstanding capital stock at a shareholders' meeting duly called for that purpose.

A corporation may acquire its own shares for a legitimate corporate purpose, provided that it has sufficient unrestricted retained earnings in its books to pay for the acquisition and it complies with the other conditions for the purchase. A corporation may acquire its own shares to: (1) eliminate fractional shares arising out of stock dividend; (2) collect or compromise a debt to the corporation arising out of the unpaid subscription in a delinquency sale or to purchase delinquent shares during such sale; and (3) pay dissenting stockholders exercising their appraisal right.

The purchased shares form part of the corporation's treasury shares upon the acquisition. A corporation may re-issue or sell the treasury shares at a price to be fixed by the board of directors.

As of the date of the Prospectus, the Company has no treasury shares.

OBJECTIVE AND PURPOSE

Primary Purpose

The Company's primary purpose is to engage in the business of providing telecommunications, media and information technology products and services, such as but not limited to the research, development, production, management, marketing, and operation of the following: telecommunications VAS through companies duly licensed to engage in wired and wireless, fixed and mobile communications; software and hardware technology, business process outsourcing, call center and other information technology applications; digital media and other media except mass media; and to do all activities directly or indirectly connected therewith or incident thereto.

Secondary Purposes

The Company may also undertake the following activities as part of its secondary purposes:

1. To purchase, acquire, own, lease and convey real properties such as lands, buildings, factories and warehouses and machineries, equipment and other personal properties as may be necessary or incidental to the conduct of the corporate business, and to pay in cash, shares of its capital stock, debentures and other evidences of indebtedness, or other securities, as may be deemed expedient, for any business or property acquired by the corporation;

2. To borrow or raise money necessary to meet the financial requirements of its business by the issuance of bonds, promissory notes and other evidences of indebtedness, and to secure the repayment thereof by mortgage, pledge, deed of trust or lien upon the properties of the corporation or to lease pursuant to law, shares of its capital stock, debentures, and other evidences of indebtedness in payment for properties acquired by the Corporation or for money borrowed in the prosecution of its lawful business;

3. To invest and deal with the money and properties of the corporation in such manner or as may from time to time be considered wise or expedient for the advancement of its interests and to sell, dispose of or transfer the business, properties and goodwill of the corporation or any part thereof for such consideration and under such terms as it shall see fit to accept;

4. To aid in any manner any corporation, association or trust estate, domestic or foreign, or any firm or individual, any shares of stocks in which or any bonds, debentures, notes, securities, evidences of indebtedness, contracts, or obligations of which are held by or for this corporation, directly or indirectly or through other corporations or otherwise;

5. To enter into any lawful arrangement for sharing profits, union of interest, unitization or farm out agreement, reciprocal concession, or cooperation, with any corporation, association, partnership, syndicate, entity, person or governmental, municipal or public authority, domestic or foreign, in the carrying on of any business or transaction deemed necessary, convenient or incidental to carrying out any of the purposes of this Corporation;

6. To acquire or obtain from any government or authority, national, provincial, municipal or otherwise, or any corporation, company or partnership or person, such charter, contracts, franchise, privileges, exemption, licenses and concessions as may be conducive to any of the objects of the corporation;

7. To establish and operate one or more branch offices or agencies and to carry on any or all of its operations and business without any restrictions as to place or amount including the right to hold, purchase or otherwise acquire, lease, mortgage, pledge and convey or otherwise deal in and with real and personal properties anywhere within the Philippines;

8. To conduct and transact any and all lawful business, and to do or cause to be done any one or more of the acts and things herein set forth as its purposes, within or without the Philippines, and in any or all foreign countries, and to do everything necessary, desirable or incidental to the accomplishment of the purposes or the exercise of any one or more of the powers herein enumerated, or which shall at any time appear conducive to or expedient for the protection or benefit of this Corporation;

9. To provide professional services and manpower in the field of telecommunications, media and information technology;

10. To buy, sell, lease, assemble, import, export, process and deal in any and all classes of materials, merchandise, supplies and commodities of every kind and nature;

11. To act as commission agent, manufacturer's representative, or principal for the purchase, sale, distribution, manufacture assembly, import or export of any and all classes of materials, merchandise, supplies and commodities of every kind and nature; and

12. To engage in and carry on the business of general and retail merchants, traders, factors, agents, manufacturers, processors, dealing in or with any and all classes of materials, merchandise, supplies and commodities of every kind and nature.

LIMITS ON FOREIGN OWNERSHIP

Based on the existing and applicable laws, rules and regulations, the Company, as a VAS provider, is subject to foreign ownership restriction of 40%. Only Philippine nationals or corporations where the foreign ownership does not exceed 40% of the corporation's capital stock can operate as VAS providers.

As of December 31, 2016, there are 482,570,841 common shares owned by foreigners, or 31.87% of the Company's total issued and outstanding capital stock.

Please also see section under "Regulatory Matters" on other laws and regulations that may be relevant in determining the limits of foreign ownership of the Company.

A. COMMON SHARES

Voting Rights

The Company's common shares have full voting rights.

At each meeting of the shareholders, every common stockholder entitled to vote on a particular question or matter involved shall be entitled to one vote for each share of stock standing in his name in the books of the Company at the time of closing of the transfer books for such meeting.

The Corporation Code provides that voting rights cannot be exercised with respect to shares declared delinquent, treasury shares, or if the shareholder has elected to exercise his rights of appraisal referred to below.

Inspection Right

All stockholders shall be allowed to inspect corporate books and records including minutes of board meetings and stock registries, provided that, such right may be denied by the board if the requesting stockholder improperly used information secured from prior examination, or is not acting in good faith, or does not have a legitimate purpose for inspecting the records, or if the board determines it necessary to safeguard the rights and legitimate interest of the corporation such as when the records to be inspected contain sensitive or confidential information or are covered by a confidentiality or non-disclosure obligation which will be breached by the corporation if such records were made available for inspection.

Right to Information

Stockholders shall be provided, upon request, with periodic reports filed by the corporation with the SEC (e.g. proxy statement/information statement and annual report) which disclose personal or professional information about the directors and officers such as their educational and business background, holdings of the corporation's shares, material transactions with the corporation, relationship with other directors and officers and the aggregate compensation of directors and officers.

Subject to the provisions of the Corporation Code, the rules and regulations issued by the SEC in the implementation thereof and the by-laws, the minority stockholders shall be granted the right to propose the holding of a meeting and to propose items in the agenda of such meeting, provided that such items are for legitimate business purposes. The determination of whether any proposed item in the agenda of the proposed meeting is for a legitimate business purpose shall rest solely upon the discretion of the board.

Right to Financial Statements

A shareholder has a right to be furnished with the most recent financial statement of a corporation, which shall include a balance sheet as of the end of the last taxable year and a profit or loss statement for said taxable year, showing in reasonable detail its assets and liabilities and the results of its operations.

At the meeting of shareholders, the board of directors is required to present to the shareholders a financial report of the operations of the corporation for the preceding year, which shall include financial statements duly signed and certified by an independent certified public accountant.

Right to Dividends

The stockholders of common shares shall be entitled to full dividend rights. The dividends shall be paid out in accordance with Philippine law/s.

Under the Corporation Code, a corporation is authorized to declare dividends only from its unrestricted retained earnings and these dividends may be payable in cash, shares or property, or a combination thereof as may be determined by the board. A cash or property dividend declaration does not require any further approval from shareholders; however, any declaration of stock dividends will be subject to approval of the corporation's stockholders holding at least two-thirds (2/3) of the corporation's outstanding capital stock.

Furthermore, the Corporation Code mandates Philippine corporations to declare and distribute dividends, when it has retained earnings in excess of 100% of its paid-in capital. Notwithstanding such requirement, the corporation may retain all or any such portion of the excess in the following circumstances: (i) when justified by definite corporate expansion projects or programs approved by the Board; or (ii) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or (iii) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is a need for special reserve for probable contingencies.

Appraisal Right

The stockholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code, in any of the following instances:

1. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporation's property and assets, provided that, a sale or other disposition shall be deemed to cover substantially all of the corporate property or assets if thereby the Corporation would be rendered incapable of continuing the business or accomplishing the purpose for which it was organized;
3. In case of merger or consolidation; and
4. In case of investment of corporate funds in another corporation or business or for any other purpose other than the primary purpose for which the corporation was organized and such investment is not reasonably necessary to accomplish the corporation's primary purpose.

Pre-Emptive Rights

The Corporation Code confers pre-emptive rights on shareholders of a corporation, which entitle them to subscribe to all issues or other disposition of shares of any class by the corporation in proportion to their respective shareholdings, subject to certain exceptions. A corporation may provide for the exclusion of these pre-emptive rights in its articles of incorporation.

The amended Articles of Incorporation of the Company currently contain such a denial of pre-emptive rights applicable to all classes of shares issued by the Company and, therefore, further issues or disposition of shares of the Company (including treasury shares) can be made without offering such shares on a pre-emptive basis to the Company's existing shareholders.

Derivative Rights

The Corporation Code recognizes the right of a shareholder to institute proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrongs committed against the corporation or to vindicate corporate rights as, for example, where the directors of the corporation themselves are the malefactors.

Mandatory Tender Offers

It is mandatory for any person or group of persons acting in concert to make a tender offer to all the shareholders of the target corporation before the intended acquisition of:

1. 15% of equity securities in a public company in one or more transactions within a period of twelve (12) months, shall file a declaration to that effect with the SEC;

2. 35% of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board in a public company in one or more transactions within a period of twelve (12) months;

3. 35% of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board in a public company directly from one or more stockholders; or

4. Less than 35% but would result in ownership of over 50% of the total outstanding equity securities of a public company.

The term "public company" refers to a corporation: (i) with a class of securities listed in an exchange (e.g. PSE); or (ii) a corporation with assets of at least ₱50 million and having 200 or more shareholders with at least 100 shares each.

When the securities tendered pursuant to such an offer exceed the number of shares that the acquiring person or group of persons is willing to acquire, the securities shall be purchased from each tendering shareholder on a pro rata basis according to the number of securities tendered by each security holder. In the event that the tender offer is oversubscribed, the aggregate amount of securities to be acquired at the close of such tender offer shall be proportionately distributed to both the selling shareholders with whom the acquirer may have been in private negotiations with and other shareholders.

In a mandatory tender offer, the offeror must offer the highest price paid by him for such shares during the past six months. Where the offer involves payment by transfer or allotment of securities, such securities must be valued on an equitable basis. However, if any acquisition of even less than 35% would result in ownership of over 50% of the total outstanding equity, the acquirer shall make a tender offer for all the outstanding equity securities to all remaining shareholders of the said corporation at a price supported by a fairness opinion provided by an independent financial adviser or equivalent third party. The offeror in such tender offer shall accept any and all securities thus tendered.

No mandatory tender is required in:

1. Purchases of shares from unissued capital shares unless it will result in 50% or more ownership of shares by the purchaser or such percentage of ownership that is sufficient to gain control of the board;
2. Purchases from an increase in the authorized capital shares of the target company;
3. Purchases in connection with a foreclosure proceeding involving a pledge or security where the acquisition is made by a debtor or creditor;
4. Purchases in connection with a privatization undertaken by the government of the Philippines;
5. Purchases in connection with corporate rehabilitation under court supervision;
6. Purchases through an open market at the prevailing market price; or
7. Purchases resulting from a merger or consolidation.

B. PREFERRED “A” SHARES

Pursuant to the amended Articles of Incorporation of the Company which was approved by the SEC on January 10, 2017, the Company has 60,000,000 preferred shares. The Firm Shares, consisting of 5,000,000 preferred “A” shares with an oversubscription option of subscriptions to 5,000,000 preferred “A” shares, shall be redeemable, convertible, cumulative, non-participating, non-voting and Peso-denominated.

As of the date of the Prospectus, the Company has no issued and outstanding preferred shares.

Pursuant to the board resolution approved on September 2, 2016, the Offer Shares shall have the following features:

Instrument	Redeemable, convertible, cumulative, non-participating, and non-voting Peso-denominated preferred “A” shares with detachable subscription warrants.
Size and Offer Price	5,000,000 Preferred “A” Shares with 25,000,000 underlying common shares, with an oversubscription option of 5,000,000 Preferred “A” Shares, with 25,000,000 underlying common shares, with 10,000,000 detachable subscription warrants to be issued free of charge, with 10,000,000 underlying common shares (the “Warrant Shares”), with Oversubscription Option of 10,000,000 Warrants and 10,000,000 underyling common shares, at an Offer Price of ₱100.00 per share.
Par Value	₱1.00.

Non-Voting Shares

The Offer Shares are non-voting, except in cases wherein the holders of non-voting shares are, under Section 6 of the Corporation Code, nevertheless entitled to vote, on the following matters:

a) Amendment of the articles of incorporation;
b) Adoption and amendment of by-laws;
c) Sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the corporate property;
d) Incurring, creating, or increasing bonded indebtedness;
e) Increase or decrease of capital stock;
f) Merger or consolidation of the corporation with another corporation or other corporations;
g) Investment of corporate funds in another corporation or business in accordance with the Corporation Code; and
h) Dissolution of the corporation.

Dividends and Dividend Rate

The declaration and payment of cash dividends for each Dividend Period will be subject to the sole and absolute discretion of the Board of Directors of the Company, to the extent permitted by applicable laws and regulations, and the covenants (financial or otherwise) in the agreements to which the Company is a party. The Board of Directors will not declare and pay dividends for any Dividend Period where payment of the Dividend would cause the Company to breach any of its financial covenants.

As and if dividends are declared by the Board of Directors on the Offer Shares, the dividends payable to each holder of the Offer Shares will be at the fixed rate of [7.5544% to 8.3044%][25] per annum, calculated in respect of each Offer Share.

The final dividend rate for the Offer Shares was determined through a book building process. The range at which the Issuer and Unicapital, Inc. accepted tenders in respect of the Offer Shares was within the sum of (i) the simple average of five (5) year PDST-R2 benchmark rates for three (3) consecutive business days ending on (and including) the Dividend Rate Setting Date plus (ii) a spread of one hundred seventy-five (175) to two hundred fifty (250) basis points. If the five (5) year PDST-R2 benchmark rate is not available or cannot be determined, any such successor rate that is generally accepted by the market or a self-regulatory organization as shown on the PDEX (or such successor page) of Bloomberg (or such successor electronic service provider) will be used.

Cash dividends on the Offer Shares will be payable once every Dividend Period on such date set by the Board of Directors at the time of declaration of such dividends in accordance with the terms and conditions of the Offer Shares, which date shall be any day within the period commencing on (and including) the last day of a Dividend Period and 15 calendar days from the end of the relevant Dividend Period (each a “Dividend Payment Date”).

A “Dividend Period” shall be the period commencing on the Issue Date and having a duration of three (3) months, and thereafter, each of the successive periods of three (3) months commencing on the last day of the immediately preceding Dividend Period up to but excluding the first day of the immediately succeeding Dividend Period; provided that, the first Dividend Period of the Preferred “A” Shares shall be the period commencing on the Issue Date and ending on the last day of the then current dividend period for the Preferred “A” Shares. If a Dividend Payment Date occurs after the end of a Dividend Period, there shall be no adjustment as to the amounts of dividends to be paid.

The dividends on the Preferred “A” Shares will be calculated on a 30/360-day basis.

If the Dividend Payment Date is not a Banking Day, dividends will be paid on the next succeeding Banking Day, without adjustment as to the amount of dividends to be paid.

Dividends on the Offer Shares will be cumulative. If for any reason the Board of Directors of the Company does not declare dividends on the Offer Shares for a dividend period, the Company will not pay dividends on the Dividend Payment Date for that Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Offer Shares must receive the dividends due them on such Dividend Payment Date as well as all dividends accrued and unpaid to the holders of the Offer Shares prior to such Dividend Period.The holders of the Offer Shares shall not be entitled to participate in any other or further dividends beyond the dividends specifically payable on the Offer Shares.

Convertible to Common Shares

The holders of the Offer Shares may convert all of their outstanding Offer Shares to common shares of the Company at a conversion price of ₱ [20.00] per share between the end of the 3rd and 4th anniversary of the Offer Shares.

The conversion ratio of common shares to Offer Shares is five-is-to-one (5:1) at a conversion price of ₱ [20.00]. Therefore, assuming that all holders of the Offer Shares exercise the convertibility option in full, converted Offer Shares will result into [25,000,000] primary common shares without the oversubscription option, or result into [50,000,000] primary common shares with oversubscription. The conversion price for the Offer Shares was determined by taking the offer size divided by the conversion ratio.

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[25] The Dividend Rate is subject to change and shall be finalized on the Dividend Rate Setting Date. The Dividend Rate shall be set within the sum of (i) the simple average of five (5) year PDST-R2 benchmark rates, or any such successor rate, for three (3) consecutive business days ending on (and including) the Dividend Rate Setting Date plus (ii) a spread of one hundred seventy-five (175) to two hundred fifty (250) basis points.

Optional Redemption

As and if approved by its Board of Directors, the Company may redeem the Offer Shares, in whole and not in part, five (5) years from the Issue Date, or on any Dividend Payment Date thereafter, after giving not less than thirty (30) days but not more than sixty (60) days' written notice prior to the intended date of redemption, at the Redemption Price. Such notice to redeem shall be deemed irrevocable upon issuance thereof.

C. DETACHABLE SUBSCRIPTION WARRANTS

Each Offer Share has nil-paid detachable subscription Warrants, to be issued free of charge with the Warrant Shares. Each Warrant entitles the warrant holder to purchase common shares of the Company out of its unissued capital stock exercisable within a period of from the end of the 2^{nd} year until the end of the 3^{rd} year from the Listing Date of the Offer Shares, exercisable every quarter-end (the "Exercise Period"). These Warrants will be issued at the ratio of two (2) Warrants for every one (1) Offer Share, and subject to regulatory approval, will be listed at the PSE.

For every Warrant held, the warrant holder shall be entitled to purchase common shares in the Company within the Exercise Period. In order for the Warrant holder to exercise the rights under the Warrant, the Warrant holder is required to tender the full amount of the Strike Price.

The Warrants may be sold, transferred or assigned to any person by the warrant holder, separate from and independent of, the Offer Shares to which the Warrants attach, subject to the applicable restrictions by law.

Below are the details of the features of the Warrants:

Number of Warrants applied for listing	10,000,000 Detachable Subscription Warrants with 10,000,000 underlying Common Shares with an Oversubscription Option of up to 10,000,000 Detachable Subscription Warrants and 10,000,000 underlying Common Shares
Number of Underlying Common Shares to the Warrants	10,000,000 underlying Common Shares with an additional 10,000,000 underlying Common Shares for the Oversubscription Option
Proceeds from the offer of Warrants	None
Features	Detachable subscription warrants which may be sold, assigned, transferred by the warrant holder separate from, and independent of, the Offer Shares.
Offer Price	Free
Par value of the Underlying Common Shares	₱1.00
Exercise Period	The Warrants shall be exercisable at the end of the 2^{nd} year until the end of the 3^{rd} year from the Listing Date of the Offer Shares, exercisable every quarter-end. The expiry date of the Warrants shall be day immediately after the last day of the Exercise Period.
Strike Price	The Warrants shall have a strike price of ₱10.00 for the duration of the Exercise Period. The Strike Price was determined through discussions between the Company and the Underwriter. Among the factors considered in determining the Strike Price were the prevailing market conditions, the Company's historical performance, the business potential and the ability to generate earnings and cash flow of the Company, and the prevailing market valuation of companies currently listed in the PSE engaged in comparable businesses. The strike price may not have any correlation to the actual book value of the Offer Shares.

	While the Warrants shall be issued free of charge, the Warrant holder is required to tender the full amount of the Strike Price in order to exercise the rights under the Warrant.
Exercise Ratio	One (1) common share for every One (1) warrant held.
Documentary Stamp Tax	All documentary stamp taxes due on the issuance of the Warrants, if any, shall be for the account of the Company.
Transferability of Warrants	Warrants may only be transferred to Eligible Investors (as defined in this Prospectus), which shall be clearly indicated on the face of the Warrant Certificates.
Registration and Lodgment of Warrants	The Warrants will be lodged under the scripless book-entry system with the PDTC. The Warrants will be lodged with the PDTC at least two Trading Days prior to the listing date.
Registrar / Stock Transfer and Warrant Agent	Philippine Stock Transfer, Inc.

Please also see section entitled "Summary of the Offer" in this Prospectus.

BOARD OF DIRECTORS

Unless otherwise provided by law, the Company exercises its corporate powers, conducts the business and controls its properties, through its Board of Directors. The Company has eleven (11) directors, three (3) of whom are independent directors. The Company's directors are elected by its shareholders who are entitled to vote at the annual meeting and will hold office for one year until their successors are elected and qualified in accordance with the Company's by-laws.

Any vacancy by reason of death, resignation or removal of a director prior to the expiration of the director's term, may be filled by the vote of at least a majority of the remaining members of the Board, if still constituting a quorum; otherwise, the vacancy must be filled by the stockholders at a regular or special meeting of the stockholders called for that purpose. A director who is elected to fill a vacancy will assume office only for the unexpired term of his or her predecessor in office.

SHAREHOLDERS' MEETINGS

Annual or Regular Shareholders' Meetings

Philippine corporations are required to hold an annual meeting of shareholders. Under the Company's amended by-laws, the shareholders' meeting shall be held at the Company's principal office or at any place in the city or municipality where the principal office is located designated by the Board of Directors every first Thursday of June of each year, if a legal holiday, then on the day following.

Special Shareholders' Meeting

The special meetings of the stockholders, for any purpose or purposes, may at any time be called by any of the following: (a) Board of Directors, at its own instance, or at the written request of stockholders representing a majority of the outstanding capital stock, and/or (b) President.

TRANSFER OF COMMON SHARES

Subject to the restrictions, terms and conditions contained in the articles of incorporation, shares may be transferred, sold, assigned or pledged by delivery of the certificates duly indorsed by the stockholder, his attorney-in-fact, or other legally authorized person. The transfers shall be valid and binding on the corporation only upon record thereof in the books of the corporation. The secretary shall cancel the stock certificates and issue new certificates to the transferee.

No share of stock against which the corporation holds an unpaid claim shall be transferable in the books of the corporation.

All certificates surrendered for the transfer shall be stamped "cancelled" on the face thereof, together with the date of cancellation, and attached to the corresponding stub with the certificate book.

No transfer of stock or interest which would reduce the ownership of Filipino citizens to less than the required percentage of the capital stock as provided by existing laws shall be allowed or permitted to be recorded in the proper books of the corporation and this restriction shall be indicated in all the stocks certificates issued by the corporation.

All transfers of shares on the PSE shall be effected by means of a book-entry system. Under this system of trading and settlement, a registered shareholder transfers legal title over the shares to such nominee, but retains beneficial ownership over the shares. A shareholder transfers legal title by surrendering the stock certificate representing his or her shares to participants of the PDTC System (i.e. brokers and custodian banks) that, in turn, lodge the same with the PCD Nominee. A shareholder may request his or her shares to be uplifted from the PDTC, in which case a certificate of stock is issued to the shareholder and the shares are registered in the shareholder's name. See discussion on "The Philippine Stock Market" in this Prospectus.

Philippine law does not require transfers of the Company's shares to be effected on the PSE, but any off-exchange transfers will subject the transferor to a capital gains tax that may be significantly greater than the stock transfer tax applicable to transfers effected on an exchange. See discussion on "Philippine Taxation" in this Prospectus. All transfers of shares on the PSE must be effected through a licensed stockbroker in the Philippines.

SHARE AND WARRANT REGISTER

The Company's share and warrant register is maintained at the principal office of its share and warrant transfer agent, [Professional Stock Transfer, Inc.] located at [10th Floor, Telecom Plaza 1200, 316 Sen. Gil J. Puyat Ave., Makati City, Metro Manila].

ISSUES OF SHARES

Subject to otherwise applicable limitations, the Company may issue additional shares to any person for consideration that the Board deems fair, provided that such consideration shall not be less than the par value of the issued shares. Share certificates may only be issued to a subscriber upon full payment of the subscription together with interest and expenses (in case of delinquent shares) and submission of proof of payment of applicable taxes to the Corporate Secretary. Under PSE rules, only fully paid up shares may be listed on the PSE.

FUNDAMENTAL MATTERS

The Corporation Code considers certain matters as significant corporate acts that may be implemented only with the approval of shareholders, including those holding shares denominated as non-voting in the articles of incorporation. These acts, which require board of directors' approval and the approval of shareholders representing at least two-thirds (2/3) of the issued and outstanding capital stock of the corporation (except for the amendment of by-laws and approval of management contracts in general, which require approval of shareholders representing a majority of the corporation's outstanding capital stock), include:

1. Amendment of the articles of incorporation;
2. An increase or decrease of capital stock and incurring, creating or increasing bonded indebtedness;
3. Adoption and amendment of by-laws;
4. Delegation to the board of directors of the power to amend or repeal or to adopt new by-laws;
5. Sale, lease, exchange, mortgage, pledge or other disposition of all or a substantial part of the corporation's assets; merger or consolidation;
6. Investment of corporate funds in any other corporation or for a purpose other than the primary purpose for which the corporation was organized;
7. Dissolution of the corporation;
8. Denial of pre-emptive rights to shares to be issued in good faith in exchange for property needed for corporate purposes or in payment of a previously contracted debt;
9. Declaration or issuance of stock dividends;
10. Ratification of a contract between the corporation and a director or officer where the vote of such director or officer was necessary for approval;

11. Execution of a management contract where (a) a majority of directors of the managing corporation constitutes the majority of the board of the managed company or (b) stockholders of both the managing and managed corporations represent the same interest and own or control more than one third of the outstanding capital stock entitled to vote;
12. Removal of directors; and
13. Ratification of contracts with corporations in which a director is also a member of the board, where the interest of the director is substantial in one corporation and nominal in the other.

RESTRICTIONS ON TRANSFER OF SHARES

As of the date of this Prospectus, there are no restrictions on the transfer of the Offer Shares in the Company's amended articles of incorporation and amended by-laws other than transfer restrictions based on nationality.

MARKET PRICE OF THE COMPANY'S STOCK

Market Information

The Company's Common Shares are traded on the PSE under the symbol "NOW".

The following table sets out, for the periods indicated, the high and low sales prices for the Company's Common Shares, as reported on the PSE:

2015

	High (in Php)	**Low (in Php)**
First quarter *(Jan 1 to Mar 31)*	0.61	0.49
Second quarter *(Apr 1 to Jun 30)*	0.50	0.43
Third quarter *(Jul 1 to Sep 30)*	0.56	0.41
Fourth quarter *(Oct 1 to Dec 31)*	1.03	0.47

2016

	High (in Php)	**Low (in Php)**
First quarter *(Jan 1 to Mar 31)*	1.10	0.59
Second quarter *(Apr 1 to Jun 30)*	3.61	1.29
Third quarter *(Jul 1 to Sep 30)*	4.05	2.78
Fourth quarter *(Oct 1 to Dec 31)*	3.45	2.05

2017

	High (in Php)	**Low (in Php)**
First quarter (Jan 1 to March 31)	**3.20**	**2.51**
Second quarter (Apr 1 to Jun 30)	**3.11**	**2.53**
Third quarter (Jul 1 to Sep 30)	**2.70**	**2.21**
Fourth Quarter (Oct 1 to Dec 29)	**3.09**	**2.20**

2018

	High (in Php)	**Low (in Php)**
First quarter (Jan 1 to March 31)	**15.70**	**2.85**

THE PHILIPPINE STOCK MARKET

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by the Company, the Underwriter, or any of their respective subsidiaries, affiliates or advisers in connection with sale of the Offer Shares.

BRIEF HISTORY

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was organized in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self-regulating, governed by its respective Board of Governors elected annually by its members.

Several steps initiated by the Government have resulted in the unification of the two bourses into the PSE. The PSE was incorporated in 1992 by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licenses of the two exchanges were revoked. While the PSE maintains two trading floors, one in Makati City and the other in Pasig City, these floors are linked by an automated trading system which integrates all bid and ask quotations from the bourses.

In June 1998, the SEC granted the PSE Self-Regulatory Organization status, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On August 8, 2001, the PSE completed its demutualization, converting from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the SRC. As of the date of this Prospectus, the PSE has an authorized capital stock of ₱120.00 million, of which approximately ₱73.38 million is subscribed and fully paid-up. Each of the 184 member-brokers was granted 50,000 shares of the new PSE at a par value of one peso (₱1.00) per share. In addition, a trading right evidenced by a "Trading Participant Certificate" was immediately conferred on each member-broker allowing the use of the PSE's trading facilities. As a result of the demutualization, the composition of the PSE Board of Governors was changed, requiring the inclusion of seven brokers and eight non-brokers, one of whom is the President. On December 15, 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the Philippine securities industry.

A listing committee comprised of representatives elected by the Board of Directors of the PSE deliberates on all applications for listing and, and if the listing application is endorsed by the committee, forwards the application to the PSE Board of Directors for approval.

Classified into financial, industrial, holding firms, property, services, mining and oil sectors, companies are listed either on the PSE's Main Board or the Small and Medium Enterprises Board. Each index represents the numerical average of the prices of component stocks. The PSE has an index, referred to as the PSEi, which as of the date hereof reflects the price movements of 30 selected stocks listed on the PSE, based on traded prices of stocks from the various sectors. The PSE shifted from full market capitalization to free float market capitalization effective April 3, 2006 simultaneous with the migration to the free float index and the renaming of the PHISIX to PSEi. With increasing calls for good corporate governance, PSE has adopted an online daily disclosure system to improve the transparency of listed companies and to protect the investing public.

With the increasing calls for good governance, PSE has adopted an online daily disclosure system to improve the transparency of listed companies and to protect the investing public.

Selected Stock Exchange Data

The table below sets forth movements in the composite index from 1995 to December 29, 2016 and shows the number of listed companies, market capitalization, and value of shares traded for the same period:

Year	Composite Index at Closing	Number of Listed Companies	Aggregate Market Capitalization (in ₱ billions)	Combined Value of Turnover (in ₱ billions)
1995	2,594.2	205	1,545.7	379.0
1996	3,170.6	216	2,121.1	668.9
1997	1,869.2	221	1,261.3	588.0
1998	1,968.8	221	1,373.7	378.9
1999	2,142.9	223	1,936.5	668.8
2000	1,494.5	226	2,576.5	58.61
2001	1,168.1	228	2,143.3	407.2
2002	1,014.4	232	2,083.2	780.9
2003	1,442.4	235	2,973.8	357.6
2004	1,822.8	236	4,766.2	206.6
2005	2,096.0	237	5,948.4	383.5
2006	2,982.5	240	4,277.8	1,145.3
2007	3,621.6	244	7,977.6	1,338.3
2008	1,872.9	246	4,069.2	763.9
2009	3,052.7	248	6,029.1	994.2
2010	4,201.1	253	8,866.1	1,207.4
2011	4,372.0	253	8,697.0	1,422.6
2012	5,812.7	268	10,850	1,420
2013	5,889.8	257	11,931.3	2,546.3
2014	7,230.6	263	14,251.7	2,130.1
2015	7,098.8	263	13,650.0	1,510.0
2016	6,840.6	265	14,438.8	2,209.7
2017	8,558.4	269	17,341.7	1,665.1
(As of December 29, 2017)				

Source: Philippine Stock Exchange, Inc. Data in the table above for the years 1995 to 2017 is as of the last trading day of each year.

Trading

The PSE is a double auction market. Buyers and sellers are each represented by stockbrokers. To trade, bids or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Payment for purchases of listed securities must be made by the buyer on or before the third trading day after the trade.

Equities trading on the PSE starts at 9:30 a.m. until 12:00 p.m., and resumes at 1:30 p.m. and ends at 3:20 p.m., with a ten-minute extension during which transactions may be conducted, provided that they are executed at the LTP and are only for the purpose of completing unfinished orders. The PSE may effect changes to the hours and schedule of a trading day as the circumstances warrant. Trading days are Monday to Friday, except legal holidays, special holidays, days when the BSP clearing house is closed, and such other days as may be otherwise declared by the SEC or the PSE, through its President or other duly authorized representative, to be a non-trading day.

Minimum trading lots range from five to 1,000,000 shares depending on the price range and nature of the security traded. Odd-sized lots are traded by brokers on a board specifically designed for odd-lot trading.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, when the price of a listed security moves up by 50%, or down by 50%, in one day (based on the LTP or adjusted closing price, as the case may be), or the maximum allowable price difference between an update in the LTP of a given security and its preceding LTP that is equal to a percentage set by the PSE based on its trade frequency is breached, the price of that security is automatically frozen by the PSE, unless there is an official statement from the relevant company or a Government agency justifying such price fluctuation, in which case the affected security can still be traded but only at the frozen price. If the issuer fails to submit such explanation, a trading halt is imposed by the PSE on the listed security the following day. Resumption of trading shall be allowed only when the disclosure of the issuer is disseminated, subject again to the trading band.

The maximum allowable price difference between an update in the LTP of a given security and its preceding LTP percentages are as follows: stocks that traded 20 times or less in the past six months have a threshold of 20%; stocks that traded 500 times or less but greater than 20 times in the past six months have a threshold of 15%; stocks that traded more than 500 times in the past six months have a threshold of 10%.

Non-Resident Transactions

When the purchase/sale of Philippine shares of stock involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three business days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a Certificate of Registration. Under BSP Rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated.

Settlement

The SCCP is a wholly-owned subsidiary of the PSE, and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. It is responsible for (a) synchronizing the settlement of funds and the transfer of securities through Delivery versus Payment clearing and settlement of transactions of Clearing Members, who are also PSE Trading Participants; (b) guaranteeing the settlement of trades in the event of a Trading Participant's default through the implementation of its Fails Management System and administration of the Clearing and Trade Guaranty Fund, and (c) performance of Risk Management and Monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three days after the transaction date (T+3). The deadline for settlement of trades is 12:00 noon of T+3. Securities sold should be in scripless form and lodged under the PDTC's book-entry system. Each PSE Trading Participant maintains a Cash Settlement Account with one of the existing settlement banks of SCCP, which are BDO Unibank, Inc., Rizal Commercial Banking Corporation, Deutsche Bank, Metropolitan Bank & Trust Company, Union Bank of the Philippines, the Hong Kong and Shanghai Banking Corporation; and, Maybank Philippines, Inc. Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level.

SCCP implemented its new clearing and settlement system called CCCS on May 29, 2006. CCCS employs multilateral netting whereby the system automatically offsets "buy" and "sell" transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each Clearing Member. All cash debits and credits are also netted into a single net cash position for each Clearing Member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the Central Counterparty to each PSE-eligible trade cleared through it.

Central Depository

In 1995, the Philippine Depository and Trust Corporation (formerly the Philippine Central Depository, Inc.) was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On December 16, 1996, the PDTC was granted a provisional license by the SEC to act as a central securities depository.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgment (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders' meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks.

In order to benefit from the book-entry system, securities must be immobilized in the PDTC system through a process called lodgment. Lodgment is the process by which shareholders transfer legal title (but not beneficial title) over their shares of stock in favor of PCD Nominee, a corporation wholly owned by the PDTC, whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged in the PDTC. "Immobilization" is the process by which the warrant or share certificates of lodging holders are cancelled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares in the account of PCD Nominee through the PDTC participant will be recorded in the Company's registry. This trust arrangement between the participants and PDTC through the PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the SEC. No consideration is paid for the transfer of legal title to PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (e.g. brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares through his participant will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. All lodgments, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system and, with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant-brokers or participant-custodians.

Any beneficial owner of shares who wishes to trade his interests in the shares must course the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP, and into the PDTC system. Once it is determined on the settlement date (trading date plus three trading days) that there are adequate securities in the securities settlement account of the participant-seller and adequate clear funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the SCCP CCCS system, in accordance with the PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a stockholder wishes to withdraw his stockholdings from the PDTC system, the PDTC has a procedure of upliftment under which the PCD Nominee will transfer back to the stockholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the upliftment of shares lodged under the name of PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are for the account of the uplifting shareholder.

The difference between the depository and the registry would be on the recording of ownership of the shares in the issuing corporation's books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are cancelled and confirmation advice is issued in the name of PCD Nominee to confirm new balances of the shares lodged with the PDTC. Transfers among/between broker or custodian accounts, as the case may be, will only be made within the book-entry system of PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the nominees' name. In the registry set-up, settlement and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agent's books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing the broker from its current "de facto" custodianship role.

Amended Rule on Lodgment of Securities

On June 24, 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing on July 1, 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the SEC, without any jumbo or mother certificate in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirements, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in Article III Part A of the Revised Listing Rules.

Further, the PSE apprised all listed companies and market participants on May 21, 2010 through Memorandum No. 2010-0246 that the Amended Rule on Lodgment of Securities under Section 16 of Article III, Part A of the Revised Listing Rules of the Exchange shall apply to all securities that are lodged with the PDTC or any other entity duly authorized by the SEC.

For listing applications, the amended rule on lodgment of securities is applicable to:

- The rights shares/securities of the applicant company in the case of an initial public offering;
- The shares or securities that are lodged with the PDTC, or any other entity duly authorized by the SEC in the case of a listing by way of introduction;
- New securities to be offered and applied for listing by an existing listed company; and
- Additional listing of securities of an existing listed company.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof to wit:

For new companies to be listed at the PSE as of July 1, 2009 the usual procedure will be observed but the transfer agent of the companies shall no longer issue a certificate to the PCD Nominee but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the depository participants on listing date.

For existing listed companies, the PDTC shall wait for the advice of the transfer agent that it is ready to accept surrender of Jumbo Certificates and upon such advice the PDTC shall surrender all Jumbo Certificates to the transfer agent for cancellation. The transfer agents shall issue a Registry Confirmation Advice to PCD Nominee evidencing the total number of shares registered in the name of PCD Nominee in the issuer's registry as of the confirmation date.

Issuance of Certificated Shares

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply to PDTC through his broker or custodian-participant for a withdrawal from the book-entry system and return to the conventional paper-based settlement. If a stockholder wishes to withdraw his stockholdings from the PDTC System, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the stockholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the upliftment of shares lodged under the name of PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are on the account of the uplifting shareholder.

Upon the issuance of certificated shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for settlement of certificated securities. The expenses for upliftment of beneficial ownership in the shares to certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen and no trading and book-entry settlement will be permitted until certificated shares shall have been issued by the relevant company's transfer agent.

PHILIPPINE FOREIGN EXCHANGE CONTROLS

Under current BSP regulations, an investment in listed Philippine securities must be registered with the BSP if the foreign exchange needed to service the repatriation of capital and the remittance of dividends, profits and earnings derived from such shares is to be sourced from the Philippine banking system. If the foreign exchange required to service capital repatriation or dividend remittance is sourced outside the Philippine banking system, registration is not required. BSP Circular No. 471 (Series of 2005), however, subjects foreign exchange dealers and money changers to Republic Act No. 9160 (the Anti-Money Laundering Act of 2001, as amended) and requires these non-bank sources of foreign exchange to require foreign exchange buyers to submit, among others, the original BSP registration document in connection with their application to purchase foreign exchange exceeding US$5,000 for purposes of capital repatriation and remittance of dividends.

The application for registration may be done directly with the BSP or through a custodian bank duly designated by the foreign investor. A custodian bank may be an authorized agent bank or an offshore banking unit registered with the BSP to act as such and appointed by the investor to register the investment, hold shares for the investor, and represent the investor in all necessary actions in connection with his investments in the Philippines. Applications for registration must be accompanied by: (1) purchase invoice, subscription agreement and proof of listing on the PSE (either or both); (2) the original Certificate of Inward Remittance of foreign exchange and its conversion to Pesos through an authorized agent bank of the BSP in the format prescribed by the BSP; (3) authority to disclose information in the prescribed format; and, (4) BSP registration document of stock dividends which accrued to registered investments.

Upon registration of the investment, proceeds of divestments, or dividends of registered investments are repatriable or remittable immediately and in full through the Philippine banking system, net of applicable tax, without need of BSP approval. Capital repatriation of investments in listed securities is permitted upon presentation of the BSP registration document and the broker's sales invoice, at the exchange rate prevailing at the time of purchase of the foreign exchange from the banking system. Remittance of dividends is permitted upon presentation of: (1) the BSP registration document; (2) the cash dividends notice from the PSE and the PCD printout of cash dividend payment or computation of interest earned; (3) copy of secretary's sworn statement on the board resolution covering the dividend declaration; (4) photocopy of latest audited financial statements or interim financial statements of the investee firm covering the dividend declaration period (for direct foreign equity investments); (5) for direct foreign equity investments, photocopy of clearance pertaining to the investee firm from BSP-Supervision and Examination Sector (for non-PSE listed banks), Insurance Commission (for insurance companies), Department of Energy or from the National Power Corporation (for oil/gas/geothermal energy exploration companies); and (6) detailed computation of the amount applied for in the format prescribed by the BSP. Pending reinvestment or repatriation, divestment proceeds, as well as dividends of registered investments, may be lodged temporarily in interest-bearing deposit accounts. Interest earned thereon, net of taxes, and may also be remitted in full. Remittance of divestment proceeds or dividends of registered investments may be reinvested in the Philippines if the investments are registered with the BSP or the investor's custodian bank.

This is subject to the power of the BSP, through the Monetary Board, with the approval of the President of the Philippines, to suspend temporarily or restrict the availability of foreign exchange, require licensing of foreign exchange transactions or require delivery of foreign exchange to the BSP or its designee during an exchange crisis, when an exchange crisis is imminent, or in times of national emergency.

It is the responsibility of the foreign investor to register its foreign investments in the Offer Shares with the BSP.

PHILIPPINE TAXATION

The statements made regarding taxation in the Philippines are based on the laws in force as of the date of this Prospectus and are subject to any changes in law occurring after such date. The following summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to invest in the Offer Shares and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rates. Prospective purchasers of the Offer Shares are advised to consult their own tax advisers concerning the tax consequences of their investment.

TAX REFORM FOR ACCELERATION AND INCLUSION (TRAIN)

On 19 December 2017, President Rodrigo Duterte signed Republic Act No. 10963 or the TRAIN Law. Said law took effect on 01 January 2018. The TRAIN is the first package of the comprehensive tax reform program (CTRP) envisioned by the current administration to achieve the following:

- Lower Personal Income Tax
- Simplify Donor and Estate Taxes
- Expand VAT Base
- Increase Excise Tax on Petroleum Products
- Increase Excise Tax on Automobiles
- Introduce the Excise Tax on Sugar-Sweetened Beverages

The TRAIN Law amended several provisions of the Tax Code.

DIVIDENDS ON PREFERRED "A" SHARES

Under the Tax Code, as amended, cash and property dividend payments by Philippine corporations are subject to final tax at rates based on the classification of the shareholder receiving the dividends. The applicable tax rates on dividend payments are set out as follows:

Shareholder	Final Withholding Tax Rate
Individual shareholder, either citizens or resident of the Philippine	10%
Non-resident alien individuals engaged in trade or business in the Philippines	20%
Non-resident alien individuals not engaged or trade business in the Philippines	25% (subject to applicable preferential tax rates under tax treaties between the Philippines and the country of domicile of such non-resident alien)
Domestic corporations	Exempt
Resident foreign corporations	Exempt
Non-resident foreign corporation	30% 15% tax rate may be applied when: 1. The country of domicile of the non-resident foreign corporation receiving the dividends allows, as a credit against the tax due in the recipient's home country, a deemed paid tax credit equivalent to 15%; or 2. When the country of domicile of the non-resident foreign corporation receiving the dividends does not impose any tax on dividends. (subject to applicable preferential tax rates under tax treaties between the Philippines and the country of domicile of the non-resident foreign corporation)

The abovementioned tax rates are without prejudice to applicable preferential tax rates under tax treaties in force between the Philippines and the country of domicile of the non-resident holder. Most tax treaties to which the Philippines is a party provide for a reduced tax rate of 15% in cases where the interest or dividend arises in the Philippines and is paid to a resident of the other contracting state. In addition, some treaties provide that the withholding tax rate may be reduced to 10% in cases where the interest arises in respect of a public issue of bonded indebtedness or in the case of a dividend, where the recipient of the dividend beneficially owns at least 10% or 25% of the issuer, depending on which treaty applies. However, most tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the interest or dividend, who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing or dividend-earning interest is effectively connected with such permanent establishment.

The Philippine tax authorities have prescribed certain procedures for availment of tax treaty relief. The tax treaty relief application has to be filed with the BIR by the non-resident holder of the shares (or its duly authorized representative) at least 15 calendar days prior to the first taxable event, or prior to the first and only time the income tax payor is required to withhold the tax thereon or should have withheld taxes thereon had the transaction been subject to tax. Failure to file the application for tax treaty relief with the BIR prior to the first taxable event may disqualify the said application.

However, on August 9, 2013, the Supreme Court in *Deutsche Bank AG Manila Branch v. CIR*, G.R. No. 188550, ruled that the period of application for the availment of tax treaty relief should not operate to divest entitlement to the relief as it would constitute a violation of the duty required by good faith in complying with a tax treaty. At most, the application for a tax treaty relief to be filed with the BIR should merely operate to confirm the entitlement of the taxpayer to such relief.

The general documentary requirements for a tax treaty relief application include proof of tax residence in the country that is a party to the tax treaty. Proof of residence consists of a consularized certification from the tax authority of the country of residence of the non-resident holder of securities which states that the non-resident holder is a tax resident of such country under the applicable tax treaty. If the non-resident holder of securities is a juridical entity, authenticated certified true copies of its articles of incorporation or association issued by the proper government authority should also be submitted to the BIR in addition to the certification of its residence from the tax authority of its country of residence. Other documentary requirements are Certification of Business Presence in the Philippines from the Securities and Exchange Commission (for corporation or partnership) or from the Department of Trade and Industry (for individuals); Certificate of No Pending Case (i.e. transaction subject of the request for treaty relief is not under investigation or on-going audit; administrative protest; claim for refund or issuance of a tax credit certificate, judicial or administrative protest; collection proceedings; or, judicial appeal); and Special Power of Attorney if the applicant/filer is the withholding agent of the income earner or the local representative in the Philippines of the income earner; or, if the applicant/filer is the local representative of the withholding agent of the income earner.

Subject to the filing of an application for tax treaty relief before the occurrence of the first taxable event and its approval by Philippine tax authorities, the Company will withhold at a reduced rate on any interest or dividend paid to a non-resident holder, provided that such holder furnishes the Company with proof of the duly completed application filed with Philippine tax authorities for the aforesaid tax treaty relief.

For claims of tax exemption, BIR Revenue Memorandum Circular No. 8-2014 mandates the Company, as a withholding agent, to require from individuals and entities claiming tax exemption a copy of a valid, current, and subsisting tax exemption certificate or ruling before payment of the related income. The tax emption certificate or ruling must explicitly recognize the tax exemption, as well as the corresponding exemption from withholding tax. Failure on the part of the taxpayer to present the said tax exemption certificate or ruling shall subject him to the payment of the appropriate withholding taxes due on the transaction.

If the Company withheld taxes, or withheld the regular rate of tax imposed pursuant to the Tax Code on interest or dividends, as applicable, the concerned holder may file a claim for a refund from the BIR on the basis of a tax exemption or applicable tax treaty. However, because the refund process in the Philippines could be cumbersome, requiring the filing of an administrative claim and the possible filing of a judicial appeal, it may be impractical to pursue such a refund.

Stock dividends distributed pro rata to any holder of shares are not subject to Philippine income tax. A stock dividend constitutes income if it gives the shareholder an interest different from that which his former stock holdings represented. A stock dividend does not constitute income if the new shares confer no different rights or interest than did the old. The sale, exchange or disposition of shares received as share dividends by the holder is subject to either capital gains tax and documentary stamp tax or stock transaction tax.

SALE, EXCHANGE OR DISPOSITION OF SHARES

Stock Transaction Tax on Sale, Barter, Exchange or Disposition of Shares of Stock Listed and Traded through the PSE

The sale, barter, exchange or disposition of shares of stock listed and traded through the PSE, other than by a dealer of securities, and in lieu of a capital gains tax, is subject to a tax at the rate of 6/10 of 1% of the gross selling price or gross value in money of the shares of stock sold, bartered, exchanged or disposed, unless an applicable tax treaty exempts such sale from the said tax. This tax is collected and paid to the Government by the selling stockbroker on behalf of his client.

In addition, a value-added tax of 12% is imposed on the commission earned by the stockbroker, which is generally passed on to the client.

Listed companies which fail to maintain, at all times, a minimum Minimum Public Ownership shall be subject to a trading suspension for a period of not more than six months. The sale, barter, transfer and/or assignment of shares of listed companies that fail to meet the Minimum Public Ownership requirement will be subject to capital gains and documentary stamp taxes.

Due to the increase in tax on sales of shares of stock listed and traded through the local stock exchange, individual holders of the Offer Shares will have to shoulder the added cost and may suffer diminution of expected returns on their investment. Prospective purchasers of the Offer Shares should obtain their own tax advice in respect of their investment in relation to these developments.

Capital Gains Tax on Sale of Shares Not Traded on the Stock Exchange

A final tax at the rate of 15% shall be imposed on the net capital gains realized by a resident or non-resident, other than a dealer of securities, during the taxable year, from the sale, exchange or other disposition of shares of stock in a domestic corporation outside of the facilities of the PSE, unless preferential rates under a specific tax treaty applies.

For the preferential tax rates under specific tax treaties to apply, an application for tax treaty relief must be filed with and approved by the BIR.

Note that, if the fair market value of the shares of stock sold is greater than the actual consideration or selling price, the amount by which the fair market value of the shares exceeds the selling price may be deemed a gift subject to 6% donor's tax under applicable provisions of the Tax Code, as amended, if the same exceeds ₱250,000.

DOCUMENTARY STAMP TAX

Under the Tax Code, certain documents, instruments, papers, acceptances, assignments, sales and transfers of obligations, rights or property are subject to documentary stamp tax. Documentary stamp tax will be levied, collected and paid for by the person making, signing, issuing, accepting or transferring the document, wherever the document is made, signed, issued, accepted or transferred, when the relevant obligation or right arises from a Philippine source or the relevant property is situated in the Philippines.

The Tax Code, as amended, imposes documentary stamp tax on all original issuances of shares of stock at a uniform rate of ₱2.00 for each ₱200, or fractional part thereof, of the par value of such shares of stock or, in the case of no par value shares, the actual consideration for the issuance of the shares. The original issuance of the Offer Shares will therefore be subject to documentary stamp tax at this rate based on the issue price of Offer Shares. The documentary stamp tax due on the original issuance of Offer Shares will be for the account of the Company.

Transfers of shares of stock by assignment in blank, delivery, or by any paper, agreement or memorandum or other evidence of transfer or sale (including to secure the future payment of money or for the future transfer of stock) are subject to documentary stamp tax at the rate of ₱1.50 for each ₱200, or fractional part thereof, of the par value of such shares of stock, or at an amount equivalent to 25% of the documentary stamp tax paid upon the issuance of the shares in the case of no par value shares. Accordingly, subsequent transfers or dispositions of Offer Shares, if treated as shares of stock for tax purposes, will be subject to documentary stamp tax at these rates.

The sale, barter or exchange of shares listed and traded through the PSE is exempt from documentary stamp tax. The borrowing and lending of securities under the securities borrowing and lending program of a registered exchange, or in accordance with regulations prescribed by the appropriate regulatory authority, are exempt from documentary stamp taxes, provided that any borrowing or lending of securities agreement is covered by a master securities borrowing and lending agreement acceptable to the appropriate regulatory authority and should be duly registered and approved by the BIR.

ESTATE AND GIFT TAXES

The transfer of the shares upon the death of a registered holder to his heirs by way of succession is subject to Philippine estate tax at the rate of 6% if the net estate is over ₱5,000,000.

Individual registered holders, whether or not citizens or residents of the Philippines, who transfer shares by way of gift or donation are liable for Philippine donor's tax on such transfers at the rate of 6% if the total net gifts made during the calendar year exceed ₱250,000.

Estate and gift taxes will not be collected in respect of intangible personal property, such as shares of stock:

- If the deceased at the time of death, or the donor at the time of donation, was a citizen and resident of a foreign country, which at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or

- If the laws of the foreign country of which the deceased or the donor was a citizen and resident at the time of his death or donation allow a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

Statements made concerning taxation laws in the Philippines are based on those laws currently in force as of the date of this Prospectus and do not consider any changes in law occurring after such date. This summary is not and does not purport to be a comprehensive description of all the tax implications relevant to any decision to invest in the Offer Shares. It also does not deal with the tax implications applicable to all types and categories of investors, some of which may be subject to specific laws and regulations. Interested buyers of the Offer Shares are advised to consult their own tax advisers concerning the tax implications of their investment in the Offer Shares.

CORPORATE INCOME TAX

The Tax Code, as a general rule, imposes on a domestic corporation a tax of 30% on its taxable income from all sources within and without the Philippines. A minimum corporate income tax of 2% of the gross income of the corporation as of the end of the taxable year, beginning on the fourth taxable year in which the corporation commenced its business operations, may be imposed in lieu of the ordinary income tax if the minimum corporate income tax is greater than the computed ordinary income tax for the taxable year.

The law allows the corporation to carry forward and credit against the ordinary corporate income tax, for three immediately succeeding taxable years, any excess of the minimum corporate income tax over the ordinary income tax. Further, the Secretary of Finance is authorized to suspend the imposition of the minimum corporate income tax on any corporation which suffers losses on account of a prolonged labor dispute, force majeure, or legitimate business reverses.

Note that, among other exceptions, the rates of tax on certain passive incomes are different from the 30% rate imposed on ordinary income tax, such as:

Interest from deposits and yield or any other monetary benefit from deposit substitutes and from trust funds and similar arrangements, and royalties	Final tax of 20%
Capital gains from sale of shares of stock not traded in the stock exchange	15%
Interest income derived from a depository bank under the expanded foreign currency deposit system	Final tax of 7.5%
Dividends received by a domestic corporation or a resident foreign corporation from another domestic corporation (Intercorporate Dividends)	None
Capital gains realized from the sale, exchange or disposition of lands and buildings	Final tax of 6%

TAXATION OUTSIDE THE PHILIPPINES

Shares of stock in a domestic corporation are considered under Philippine law as situated in the Philippines and the gain derived from their sale is entirely from Philippine sources; hence, such gain is subject to Philippine income tax and the transfer of such shares by gift (donation) or succession is subject to the donors' or estate taxes stated above.

The tax treatment of a non-resident shareholder in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of domicile or business activities and such holder's particular situation. This Prospectus does not discuss the tax considerations of non-resident holders of shares of stock under laws other than those of the Philippines.

EACH PROSPECTIVE HOLDER SHOULD CONSULT WITH HIS OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF PURCHASING, OWNING AND DISPOSING OF THE OFFER SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL AND NATIONAL TAX LAWS.

LEGAL MATTERS

Certain legal matters as to Philippine law relating to the Offer will be passed upon by Angara Abello Concepcion Regala & Cruz, the Company's legal counsel, and Cruz Marcelo & Tenefrancia, legal counsel to the Issue Manager, Bookrunner, and Underwriter. None of the above mentioned advisers have any direct or indirect interest in the Company arising from the Offer.

INDEPENDENT AUDITORS

SyCip Gorres Velayo & Co. ("SGV"), a member firm of Ernst & Young Global Limited ("EY"), has audited the Company's consolidated financial statements as of December 31, 2017, 2016 and 2015 in accordance with Philippine Standards on Auditing as set forth in their reports thereon appearing elsewhere in this Prospectus.

SGV has acted as the Company's independent auditor for the last five years. There have been two different partners in charge from 2012 to 2017. Jhoanna Feliza C. Go is the current audit partner for the Company and has served as such since 2014. The Company is in compliance with SRC Rule 68, paragraph 3(b)(IV) regarding compliance with the five-year rotation of external auditor.

The Company has not had any material disagreement on accounting and financial disclosure with SGV for the periods stated above. SGV has neither shareholding in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities of the Company. SGV will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

The following table sets out the aggregate fees billed for each of the years ended December 31, 2017 and 2016 for professional services rendered by SGV excluding fees directly related to the Offer:

	2016	**2017**
Audit and Related Fees	₱350,000	₱500,000
Total	₱350,000	₱500,000

The audit and related fees refer to the professional services rendered by SGV for the audit of the Company's consolidated annual financial statements or services that are normally provided in connection with the statutory and regulatory filings for the said fiscal years.

Except for its review conducted in May 2009 of the Company's Statement of Active Business Pursuits and Objectives, the external auditor does not render any other assurance services related to the performance of the audit nor does it render any professional service for tax accounting, advice, planning and any other form of tax service.

The Company's Audit and Risk Management Committee recommended to the Board of Directors the appointment of SGV as its external auditor and the fixing of the audit fees. The stockholders ratified the resolution of the Board of Directors.

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Consolidated Audited Financial Statements as of December 31, 2017, 2016, and 2015 and Unaudited Interim Condensed Consolidated Financial Statements as of March 31, 2018.

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