

From: Philippine Stock Exchange <no-reply@pse.com.ph>
Sent: Friday, August 2, 2024 9:08 AM

Subject: Quarterly Report

Dear Sir/Madam:

Your disclosure was approved as Company Report. Details are as follows:

Company Name: Pacific Online Systems Corporation
Reference Number: 0025783-2024
Date and Time: Friday, August 02, 2024 09:08 AM
Template Name: Quarterly Report
Report Number: CR05404-2024

Best Regards,
PSE EDGE

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The Philippine Stock Exchange, Inc., 6th to 10th Floors, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, Philippines 1634

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended
Jun 30, 2024
2. SEC Identification Number
AS093-008809
3. BIR Tax Identification No.
003-865-392-000
4. Exact name of issuer as specified in its charter
Pacific Online Systems Corporation
5. Province, country or other jurisdiction of incorporation or organization
Metro Manila, Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
28F East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center,
Pasig City
Postal Code
1605
8. Issuer's telephone number, including area code
+632-8584-1700
9. Former name or former address, and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	895,330,946

11. Are any or all of registrant's securities listed on a Stock Exchange?

Yes No

If yes, state the name of such stock exchange and the classes of securities listed therein:

The Philippine Stock Exchange Inc.

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the

Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

Yes No

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

Yes No

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



Pacific Online Systems Corporation LOTO

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

For the period ended	Jun 30, 2024
Currency (indicate units, if applicable)	Philippine Peso

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Jun 30, 2024	Dec 31, 2023
Current Assets	1,093,810,900	948,422,045
Total Assets	1,780,881,579	1,901,779,220
Current Liabilities	350,583,480	314,098,180
Total Liabilities	705,439,981	726,071,382
Retained Earnings/(Deficit)	295,252,268	530,917,448
Stockholders' Equity	1,075,441,598	1,175,707,838
Stockholders' Equity - Parent	1,070,967,716	1,171,568,842
Book Value per Share	1.31	1.39

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	129,642,857	164,259,543	259,107,142	310,773,178
Gross Expense	134,911,654	103,053,836	251,691,833	174,222,757
Non-Operating Income	3,505,507	9,631,026	16,789,931	49,106,963
Non-Operating Expense	8,939,345	5,001	20,471,860	24,897
Income/(Loss) Before Tax	-10,702,635	70,831,731	3,733,380	185,632,487
Income Tax Expense	2,958,836	18,859,396	3,959,468	40,140,765

Net Income/(Loss) After Tax	-13,661,471	51,972,336	-226,088	145,491,722
Net Income Attributable to Parent Equity Holder	-14,463,696	51,974,103	-560,974	145,140,252
Earnings/(Loss) Per Share (Basic)	-0.02	0.06	-0	0.17
Earnings/(Loss) Per Share (Diluted)	-0.02	0.06	-0	0.17

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	-0	0.17
Earnings/(Loss) Per Share (Diluted)	-0	0.17

Other Relevant Information
None

Filed on behalf by:

Name	Irene Bautista
Designation	Controller

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **June 30, 2024**
2. SEC Identification Number: **AS093-008809** 3. BIR Tax Identification No. **003-865-392-000**
4. Exact name of registrant as specified in its charter: **PACIFIC ONLINE SYSTEMS CORPORATION**
5. **Metro Manila, Philippines** 6. _____ (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code
Incorporation or organization
7. **28/F, East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City** **1605**
Address of principal office Postal Code
8. **(632) 8584-1700**
Registrant's telephone number, including area code
9. **Not applicable**
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Stock, ₱1.00 par value	895,330,946
	Amount of Debt Outstanding
	Php486.4M

11. Are any or all of these securities listed on the Philippine Stock Exchange
Yes [] No []
12. Indicate by check mark whether the registrant:
 - (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 1 (a)-1 thereunder, and Section 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):
Yes [] No []
 - (b) has been subject to such filing requirements for the past 90 days.
Yes [] No []

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The following unaudited financial statements are submitted as part of this report:

- a.) Consolidated Statements of Income for the six (6) months ended June 30, 2024 and June 30, 2023;
- b.) Consolidated Statements of Comprehensive Income for the six (6) months ended June 30, 2024 and June 30, 2023;
- c.) Consolidated Statements of Financial Position as of June 30, 2024 and Audited Statements of Financial Position as of December 31, 2023;
- d.) Consolidated Statements of Changes in Equity for the six (6) months ended June 30, 2024 and June 30, 2023; and
- e.) Consolidated Statements of Cash Flows for the six (6) months ended, June 30, 2024 and June 30, 2023.

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

Results of Operations for the Period Ended June 30, 2024 vs. June 30, 2023

Revenues

Pacific Online Systems Corporation (the "Company") consolidated with its subsidiaries (the "Group"), earned total revenues of P259.1 million for the six months ended June 30, 2024. Revenues decreased by P51.7 million (17%) from revenues of the same period in 2023 amounting to P310.8 million mainly due to the transition from the legacy system to the nationwide lottery system under its joint operation, PinoyLotto Technologies Corp. (PinoyLotto).

Cost and expenses

Costs and expenses increased by P77.5 million (45%) to P251.7 million for the period ended June 30, 2024 from P174.2 million for the same period in 2023 in relation to the nationwide operations of PinoyLotto's Philippine Lottery System (PLS) for the Philippine Charity Sweepstakes Office (PCSO) effective October 1, 2023. Due to the new system, the Company incurred higher depreciation expenses (from P2.6 million in the 2023 period to P75.3 million in the current period) in line with the depreciation of the new equipment deployed, as well as higher variable costs such as communications and repairs and maintenance in line with the requirements of PCSO for the PLS.

Operating income

Due to the foregoing, the Group realized an operating income of P7.4 million for the six months ended June 30, 2024, which is lower compared to the P136.6 million operating income for the same period in 2023.

Other income (expenses)

Other income (expense) decreased by P52.8 million (108%) to P3.7 million other expenses as of June 30, 2024 compared to P49.1 million other income for the period ended June 30, 2023. The decrease is mainly due to the following: the Company recorded dividend income of P18.9 million in 2023 as well as a one-off other income of P20.4M pertaining to collection of deficiency claims. In 2024, the Company incurred other expenses pertaining to interest expense amounting to P20.5 million in relation to the loans availed by PinoyLotto to fund its capital expenditures and nationwide operations.

Net income

As a result, the Group recognized net loss amounting to P0.2 million for the six months ended June 30, 2024, compared to the P145.5 million net income for the same period in 2023.

Other comprehensive income and Total comprehensive income

Other comprehensive income of the Group pertains to the unrealized valuation gains and losses on its financial assets at fair value through other comprehensive income. The valuation gains or losses were

already realized in 2024 due the availment of Belle Corp's tender offer for Premium Leisure Corp (PLC) shares during the second quarter of 2024. In 2023, the Group posted a gain of P32.0 million during the six months period ended June 30, 2023. Thus, total other comprehensive loss for the six months ended June 30, 2024 is at P0.2 million, lower by P177.8 million (100%) from the P177.5 million other comprehensive income for the same period in 2023.

Financial Condition as of June 30, 2024 vs. December 31, 2023

TOTAL ASSETS

The Group's total assets of P1,780.9 million as of June 30, 2024 decreased by P120.9 million or 6% from P1,901.8 million as of December 31, 2023. The main movements in the asset accounts are as follows:

Cash and cash equivalents

Cash and cash equivalents increased by P198.6 million (58%) to P542.5 million as at June 30, 2024 from P343.9 million as at December 31, 2023 mainly due to the proceeds from the sale of the PLC shares to Belle Corp during the tender offer, offset in partial by the payment of dividends to shareholders during the period.

Investments held for trading

As at June 30, 2024, investments held for trading of the Group consists of investments in listed shares of stock of Vantage Equities, Inc. and APC Group, Inc. The amount of the Group's investments held for trading decreased by P53.4 million (53%) as at June 30, 2024 mainly due the sale of its Digiplus Interactive Corp (PLUS) shares.

Trade and other receivables

Trade and other receivables decreased by P28.5 million (10%) to P256.0 million as at June 30, 2024 from P284.4 million as at December 31, 2023 due to collection of trade receivables from PCSO.

Creditable withholding taxes (CWTs)

Creditable withholding taxes increased by P4.5 million (4%) to P106.3 million as at June 30, 2024 from P101.8 million as at December 31, 2023 due to additional creditable withholding tax as a result of collection of receivable.

Other current assets

Other current assets of the Group are composed of supplies, prepayments and input taxes. This account increased by P24.2 million (20%) to P142.5 million as at June 30, 2024 from P118.3 million as at December 31, 2023 due mainly to the additional prepayments for the current period.

Financial assets at fair value through other comprehensive income (FVOCI)

The financial assets at FVOCI pertains to the investment in shares of PLC. The account decreased by 100% from December 31, 2023 due to the availment of the Company of the tender offer made by Belle Corp for PLC shares during the period.

Property and equipment

The Company's property and equipment is composed of lottery equipment, leasehold improvements, office furniture, fixtures and equipment and transportation equipment. This account decreased by P40.5 million (6%) to P665.7 million as at June 30, 2024 from P706.2 million as at December 31, 2023 mainly due to depreciation expense recognized for the period.

LIABILITIES

The Group recorded total liabilities at P705.4 million as at June 30, 2024, lower by P20.6 million (3%) compared to the total liabilities of P726.1 million as at December 31, 2023.

Trade and other current liabilities

Trade and other current liabilities decreased by P43.6 million (17%) to P211.4 million as at June 30, 2024 coming from P255.0 million as at December 31, 2023. The decrease is mainly due to the payment of advances from joint operators under PinoyLotto.

Loans Payable

Loans payable of the Company amounted to P486.4 million as at June 30, 2024, increasing by P15.8 million (3%) from the balance of P470.6 million as at December 31, 2023. Loans payable were availed by PinoyLotto to fund its capital expenditures for the nationwide lottery system. The increase is due to the drawdown of a new loan offset by the payment of principal for the period.

Net retirement liability

Net retirement liability increased by P11.5 million (21%) to P7.4 million net retirement liability as at June 30, 2024 from P4.1 million net retirement asset as at December 31, 2023 because of retirement expense accrued for the period.

EQUITY

Total equity of the Company decreased by P100.3 million (8%) to P1,075.4 million as at June 30, 2024 from P1,175.7 million as at December 31, 2023. The decrease is due to the cash dividends paid during the period and the increase in the cost of parent company shares held by a subsidiary.

Cash Flows for the Six Months Ended June 30, 2024 vs. June 30, 2023

The Group's cash balance as of June 30, 2024 of P542.5 million was higher by P96.8 million (22%) compared to the cash balance of P445.6 million in June 30, 2023, due to the proceeds from sale of PLC shares.

Discussion and Analysis of Material Events and Uncertainties Known to Management

The equipment lease agreement between Pacific Online with the Philippine Charity Sweepstakes Office (PCSO) expired effective October 1, 2023. In its place, PinoyLotto, a joint operations company owned by Pacific Online, Philippine Gaming Management Corp (PGMC) and International Lottery & Totalizator Systems, Inc. (ILTS) has started nationwide operations in providing lottery equipment to PCSO.

On August 30, 2023, Pacific Online signed a Memorandum of Agreement (MOA) with PCSO in connection with the latter's implementation of a Trial Run for a Web-Based Application Betting Platform (WABP), during which Pacific Online will be acting as PCSO's exclusive agent. Through the WABP, the PCSO aims to develop and promote more marketable, adaptable, resilient, and trendy betting platforms, considering the evolution of the gaming market and the advancements in technology. The trial period commenced on December 15, 2023.

In May 2024, PCSO published an invitation to bid for the 5-year lease of the web-based application program (WABP). Pacific Online participated in the bidding process, and on June 19, 2024, Pacific Online received the Notice of Award for the bid of the 5-year lease.

As of July 12, 2024, the trial period for the WABP ended upon the instructions of PCSO as it gears toward making the E-Lotto services better and as it transitions to a new platform. The WABP trial system does not accept bets anymore, but remains to be open until July 31, 2024 to enable players to cash out of their E-Lotto wallets.

Except for what has been noted above, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

1. Known trends, demands, commitments, events or uncertainties that would have a material impact on the Group;
2. Material commitments for capital expenditures that are reasonably expected to have a material impact on the Group's short-term or long-term liquidity;
3. 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;
4. Significant elements of income or loss that did not arise from the Group's continuing operations;
5. Seasonal aspects that had a material impact on the Group's results of operations;
6. Material changes in the financial statements of the Group for the periods ended December 31, 2023 to June 30, 2024;
7. Any events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation; and
8. Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

Key Performance Indicators

The Group monitors its performance and benchmarks itself to prior year's results in terms of the following indicators:

Liquidity & Financial Leverage Ratios	The manner by which the Company calculates the performance indicators	30 June 2024	31 December 2023
Current ratio	Current assets over current liabilities	3.12:1	3.02:1
Debt to equity ratio	Total interest-bearing debt over total equity	0.45:1	0.40:1
Asset-to-equity ratio	Total assets over total equity	1.66:1	1.62:1
Solvency ratio	Total assets over total liabilities	2.52:1	2.62:1
Operating income margin	Operating income over revenues	2.86%	43.94%
Net profit (loss) margin	Net income (loss) over revenues	(0.09)%	46.82%
Return on equity	Net income (loss) over total equity	(0.02)%	12.37%
Return on assets	Net income (loss) over total assets	(0.01)%	7.65%

PART II - OTHER INFORMATION

Financial Instruments

Financial Risk Management Objectives and Policies

The financial instruments mainly comprise cash, trade and other receivables (excluding advances to suppliers, officers and employees) and guarantee and refundable deposits (presented as part of “Other current assets” or “Other noncurrent assets”), investment held for trading and financial assets at FVOCI, trade payables and other current liabilities (excluding statutory payables) and lease liabilities. The main purpose of these financial instruments is to finance the Group’s projects and operations.

It is the policy that no trading of financial instruments should be undertaken by the Group. The main risks arising from the financial instruments are credit risk, equity price risk, liquidity risk and foreign currency risk. The BOD reviews and approves policies for managing these risks.

Credit Risk. Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group’s exposure to bad debts is not significant. The Group does not offer credit terms without the specific approval of the management. There is no significant concentration of credit risk.

With respect to credit risk arising from the financial assets of the Group, which comprise of cash (excluding cash on hand) trade and other receivables (excluding advances to suppliers, officers and employees) and guarantee and refundable deposits (presented as part of “Other current assets” or “Other noncurrent assets”), the Group’s exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying value of these financial assets.

The table below shows the Group’s aging analysis of financial assets.

	June 30, 2024							Total
	Neither Past Due nor Impaired	Past Due but not Impaired				Impaired		
		Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days			
Cash and cash equivalents*	P542,124,182	P-	P-	P-	P-	P-	P542,124,182	
Trade and other receivables**	252,845,692	-	-	-	-	115,825,004	368,670,696	
Refundable deposit***	2,683,359	-	-	-	-	-	2,683,359	
Guarantee bonds***	91,000,000	-	-	-	-	-	91,000,000	
	P888,653,233	P-	P-	P-	P-	P115,825,004	P1,004,478,237	

*Excluding cash on hand.

**Excluding advances to suppliers, officers and employees.

***Presented under “Other current assets” and/or “Other noncurrent assets” account in the consolidated statement of financial position.

December 31, 2023							
	Neither Past Due nor Impaired	Past Due but not Impaired				Impaired	Total
		Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days		
Cash and cash equivalents*	P343,548,614	P-	P-	P-	P-	P-	P343,548,614
Trade and other receivables**	281,668,641	-	-	-	-	115,825,004	397,163,645
Refundable deposit***	3,036,529	-	-	-	-	-	3,036,529
Guarantee bonds***	91,000,000	-	-	-	-	-	91,000,000
	P718,923,784	P-	P-	P-	P-	P115,825,004	P834,748,788

*Excluding cash on hand.

**Excluding advances to suppliers, officers and employees.

***Presented under "Other current assets" and/or "Other noncurrent assets" account in the consolidated statement of financial position.

Financial assets are considered past due when collections are not received on due date.

Credit Quality of Financial Assets

The financial assets are grouped according to stage whose description is explained as follows:

Stage 1 - those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 30 days past due but does not demonstrate objective evidence of impairment as of reporting date

Stage 3 - those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The credit quality of the Group's financial assets are as follows:

June 30, 2024				
	ECL Staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Financial Assets at Amortized Cost				
Cash and cash equivalents*	P 542,124,182	P-	P-	P 542,124,182
Trade and other receivables-net**	252,845,692	-	115,825,004	368,670,696
Refundable deposit ***	2,683,359	-	-	2,683,359
Guarantee bonds***	91,000,000	-	-	91,000,000
Gross Carrying Amount	P 888,653,233	P-	P115,825,004	P 1,004,478,237

*Excluding cash on hand.

**Excluding advances to contractors, suppliers, officers and employees.

***Presented under "Other current assets" and/or "Other noncurrent assets" account in the consolidated statement of financial position.

	December 31, 2023			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
12-month ECL	Lifetime ECL	Lifetime ECL		
Financial Assets at Amortized Cost				
Cash and cash equivalents*	P343,548,614	P-	P-	P343,548,614
Trade and other receivables-net**	281,338,641	-	115,825,004	397,163,645
Refundable deposit ***	3,036,529	-	-	3,036,529
Guarantee bonds***	91,000,000	-	-	91,000,000
Gross Carrying Amount	P718,923,784	P-	P115,825,004	P834,748,788

*Excluding cash on hand.

**Excluding advances to contractors, suppliers, officers and employees.

***Presented under "Other current assets" and/or "Other noncurrent assets" account in the consolidated statement of financial position.

High grade financial assets pertain to receivables from clients or customers who have no history of delayed payment while medium grade includes receivables from clients or customers who have history of delayed payment but is currently updated.

Cash in banks are deposited with the top ten banks in the Philippines; hence, considered high grade.

Quoted marketable securities and financial assets at FVOCI are assessed as high grade based on financial status of the counterparty and its current stock price performance in the market.

Equity Price Risk. Equity price risk is the risk that the fair value of quoted marketable securities and financial assets at FVOCI in listed equities decreases as a result of changes in the value of individual stock. The Group's exposure to equity price risk relates primarily to the Group's marketable securities. The Group monitors the equity investments based on market expectations. Significant movements within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the BOD.

The following table demonstrates the sensitivity to a reasonably possible change in equity price, with all other variables held constant, of the Group's 2024 and 2023 consolidated total comprehensive income before income tax:

Increase (Decrease) in Equity Price	Jun. 30, 2024	Dec. 31, 2023
Impact in profit or loss		
5%	P2,328,146	P5,022,327
(5%)	(2,328,146)	(5,022,327)
Impact in comprehensive income		
8%	-	19,008,007
(8%)	-	(19,008,007)

Liquidity Risk. Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and service its maturing debts. The Group's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information. The Group considers obtaining borrowings as the need arises.

The table also analyzes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

June 30, 2024					
	Less than 3 months	3-6 months	6-12 months	More than 12 months	Total
Trade payables and other current liabilities*	P150,258,737	P 521,500	P-	P 51,228,214	P202,008,451
Loan payable	34,745,098	34,745,098	69,490,197	347,450,980	486,431,373
Lease liabilities	225,160	-	-	-	225,160
	P185,228,995	P35,266,598	P 69,490,197	P398,679,194	P688,664,984

*excluding statutory payables

December 31, 2023					
	Less than 3 months	3-6 months	6-12 months	More than 12 months	Total
Trade payables and other current liabilities*	P168,761,749	P-	P67,500,000	P-	P236,261,749
Loan payable	-	-	58,823,529	411,764,707	470,588,236
Lease liabilities	73,576	73,756	146,971	208,495	502,798
	P168,835,325	P73,756	P126,470,500	P411,973,202	P707,352,783

*excluding statutory payables

Foreign Currency Risk. Foreign currency risk is the risk that the fair value or future cash flows of financial asset or financial liability will fluctuate due to changes in foreign exchange rates.

As at June 30, 2024 and December 31, 2023, foreign currency-denominated financial asset and financial liability in US dollars, translated into Philippine peso at the closing rate:

	Jun. 30, 2024		Dec. 31, 2023	
	USD	Peso Equivalent	USD	Peso Equivalent
Cash and cash equivalents	\$20,008	P1,166,976	\$989,831	P54,608,951
Software license fee payable*	-	-	(160,700)	(8,865,861)
Net foreign currency-denominated assets (liabilities)	\$20,006	P1,166,976	\$829,131	P45,743,090

*Presented under "Trade payables and other current liabilities" account.

In translating the foreign currency-denominated financial liabilities into peso amounts, the exchange rate used was P58.32 to US\$1.0 and P55.17 to US\$1.0, as at June 30, 2024 and December 31, 2023, respectively.

It is the Group's policy to ensure that capabilities exist for active but conservative management of its foreign currency risk. The Group seeks to mitigate its transactional currency exposure by maintaining its costs at consistently low levels, regardless of any upward or downward movement in the foreign currency exchange rate.

The following table demonstrates the sensitivity to a reasonably possible change in the U.S. dollar exchange rates, with all other variables held constant, of the Group's consolidated income before tax as at June 30, 2024 and December 31, 2023. There is no other impact on the Group's equity other than those already affecting the profit or loss in the consolidated statement of comprehensive income.

	Jun. 30, 2024		Dec. 31, 2023	
	Increase in US\$ Rate	Decrease in US\$ Rate	Increase in US\$ Rate	Decrease in US\$ Rate
Change in US\$ rate*	5%	(5%)	5%	(5%)
Effect on income before income tax	P58,349	(P58,349)	P2,287,155	(P2,287,155)

The increase in US\$ rate means stronger US dollar against peso while the decrease in US\$ means stronger peso against the US dollar.

Capital Management

The primary objective of the Group's capital management is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes made in the objectives, policies or processes in 2024 and 2023.

The Group considers the following as its capital:

	Jun. 30, 2024	Dec. 31, 2023
Common stock	P895,330,946	P895,330,946
Additional paid-in capital	254,640,323	254,640,323
Cost of Parent Company common shares held by a subsidiary	(384,595,174)	(285,267,558)
	P765,376,095	P864,703,711

Fair Value of Assets and Financial Liabilities

Set out below is a comparison by category and by class of carrying values and fair values of the Group's assets and financial liabilities:

	Jun. 30, 2024		Dec. 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
At amortized cost:				
Cash and cash equivalents	P542,504,042	P542,504,042	P343,945,679	P343,945,679
Trade and other receivables*	252,845,692	252,845,692	281,338,641	281,338,641
Refundable security deposits**	2,683,359	2,683,359	3,036,529	3,036,529
Guaranteed deposits**	91,000,000	91,000,000	91,000,000	91,000,000
At FVPL				
Investment held for trading	46,562,911	46,562,911	100,012,769	100,012,769
At FVOCI				
Financial assets at FVOCI	-	-	237,600,090	237,600,090
	P935,596,004	P935,596,004	P1,056,933,708	P1,056,933,708
Financial Liabilities				
At amortized cost:				
Trade payables and other current liabilities***	P202,008,451	P202,008,451	P236,261,749	P236,261,749
Loan payable	486,431,373	486,431,373	470,588,236	463,882,778
Lease liabilities	225,160	225,160	502,798	502,798
	P688,664,984	P688,664,984	P707,352,783	P700,673,788

*Excluding advances to suppliers, officers and employees.

**Presented under "Other current assets" and/or "Other noncurrent assets" account in the consolidated statements of financial position.

***Excluding statutory payables

The Group has no financial liabilities measured at fair value as at June 30, 2024 and December 31, 2023. There were no transfers between fair value measurements as at June 30, 2024 and December 31, 2023.

The following methods and assumptions are used to estimate the fair value of each class of financial assets and financial liabilities:

Cash, Trade and Other Receivables, Trade Payables and Other Current Liabilities (excluding Statutory Payables). The carrying values of these financial instruments approximate their fair values due to the relatively short-term maturities of these financial assets and financial liabilities.

Financial Assets at FVPL and Financial Assets at FVOCI. The fair values of Financial Assets at FVPL and financial assets at FVOCI in quoted equity shares are based on quoted prices in the PSE or those shares whose prices are readily available from brokers or other regulatory agency as at reporting date. There are no quoted market prices for the unlisted shares and there are no other reliable sources of their fair values, therefore, these are carried at cost, net of any impairment loss.

Loan Payable and Lease Liabilities. The fair values are based on the discounted value of expected future cash flows using the applicable interest rate for similar types of instruments. Discount rate used for loan payable is 8.6% and 5.31% in 2024 and 2023, respectively.

Other Required Disclosures

1. The attached interim financial reports were prepared in compliance with Philippine Financial Reporting Standards (PFRS).

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements and have been applied consistently by the Group entities.

2. Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD & A"), there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.
3. There were no material changes in estimates of amounts reported in prior periods that have material effects in the current interim period.
4. Except as disclosed in the MD & A, there were no other issuance, repurchases and repayments of debt and equity securities.
5. Except as disclosed in the MD & A, there were no material events that occurred subsequent to June 30, 2024 and up to the date of this report that need disclosure herein.
6. Except as disclosed in the MD & A, there were no changes in the composition of the Group since June 30, 2024, such as business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring, and discontinued operations.
7. There were no changes in contingent liabilities or contingent assets since June 30, 2024.
8. Except as disclosed in the MD & A, there exist no material contingencies and other material events or transactions affecting the current interim period.

SIGNATURES

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

Issuer: **PACIFIC ONLINE SYSTEMS CORPORATION**



WILLY N. OCIER
Chairman of the Board
Date: August 1, 2024



ARMIN ANTONIO B. RAQUEL SANTOS
President and Chief Executive Officer
Date: August 1, 2024



MARIA NERIZA C. BANARIA
Chief Financial Officer and Treasurer
Date: August 1, 2024

PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES
Consolidated Statements of Financial Position

	Jun. 30, 2024	Dec. 31, 2023
ASSETS		
Current Assets		
Cash and cash equivalents	₱542,504,042	₱343,945,679
Investments held for trading	46,562,911	100,012,769
Trade and other receivables	255,968,049	284,426,917
Creditable withholding taxes (CWTs)	106,277,102	101,764,077
Other current assets	142,498,796	118,272,603
Total Current Assets	1,093,810,900	948,422,045
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (FVOCI)		
	-	237,600,090
Property and equipment	665,666,009	706,208,497
Right-of-use (ROU) assets	228,088	541,486
Net retirement asset	-	4,098,008
Net deferred tax assets	16,846,223	426,979
Other noncurrent assets	4,330,359	4,482,115
Total Noncurrent Assets	687,070,679	953,357,175
	₱1,780,881,579	₱1,901,779,220
LIABILITIES AND EQUITY		
Current Liabilities		
Trade payables and other current liabilities	₱211,377,928	₱254,980,348
Current portion of loan payable	138,980,392	58,823,529
Current portion of lease liabilities	225,160	294,303
Total Current Liabilities	350,583,480	314,098,180
Noncurrent Liabilities		
Loan payable - net of current portion	347,450,980	411,764,707
Lease liabilities - net of current portion	-	208,495
Net retirement liability	7,405,521	-
Total Noncurrent Liabilities	354,856,501	411,973,202
Total Liabilities	705,439,981	726,071,382

(Forward)

	Jun. 30, 2024	Dec. 31, 2023
Equity Attributable to Equity Holders of the Parent Company		
Capital stock	₱895,330,946	₱895,330,946
Additional paid-in capital	254,640,323	254,640,323
Cost of Parent Company common shares held by a subsidiary	(384,595,174)	(285,267,558)
Other equity reserves	10,339,353	(224,052,317)
Retained earnings	295,252,268	530,917,448
	1,070,967,716	1,171,568,842
Non-controlling Interest	4,473,882	4,138,996
Total Equity	1,075,441,598	1,175,707,838
	₱1,780,881,579	₱1,901,779,220

PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Unaudited)
For the six months ended June 30, 2024 and 2023

	Six Months Ended Jun 30		This Quarter	
	2024	2023	2024	2023
REVENUES				
Equipment rentals	P259,107,142	P310,773,178	P129,642,857	P164,259,543
Total Revenues	P259,107,142	P310,773,178	P129,642,857	P164,259,543
COSTS AND EXPENSES				
Personnel costs	42,173,746	41,047,860	22,837,585	24,216,204
Software and license fees	26,726,172	39,817,950	11,748,016	20,329,857
Operating supplies	2,445,064	2,696,994	1,020,997	2,047,504
Depreciation and amortization	75,276,421	2,606,629	37,960,658	1,110,472
Communications	38,165,484	19,069,405	21,516,513	10,033,027
Travel and accommodation	10,434,533	19,004,018	6,019,095	14,650,933
Rent and utilities	15,099,564	12,285,682	7,582,642	6,316,228
Repairs and maintenance	27,462,736	7,619,193	16,554,397	4,132,164
Taxes and licenses	3,819,959	2,308,589	2,009,288	1,069,906
Entertainment and representation	2,248,908	86,394	1,218,000	52,818
Professional fees	4,667,790	2,554,781	3,942,422	1,356,728
Marketing and promotion	149,129	-	149,129	-
Pre-operating expenses	-	24,277,110	-	17,389,562
Directors fees	821,895	814,379	448,039	325,049
Others	2,200,432	33,772	1,904,873	23,385
Total Costs and Expenses	251,691,833	174,222,757	134,911,654	103,053,836
OPERATING INCOME	7,415,309	136,550,421	(5,268,797)	61,205,707
OTHER INCOME (CHARGES)				
Dividend income	-	18,947,664	-	-
Interest income	3,771,117	2,497,178	2,919,026	1,772,404
Finance charges	(20,471,860)	(24,897)	(8,498,216)	(5,001)
Marked-to-market gain (loss) on marketable securities	2,866,386	6,292,485	586,481	7,762,614
Others – net	10,152,428	21,369,636	(441,129)	96,008
Total Other Income (Charges)	(3,681,929)	49,082,066	(5,433,838)	9,626,024
INCOME BEFORE INCOME TAX	3,733,380	185,632,487	(10,702,635)	70,831,731
INCOME TAX EXPENSE (BENEFIT)				
Current	3,959,468	41,427,645	2,958,836	20,146,275
Deferred	-	(1,286,880)	-	(1,286,880)
	3,959,468	40,140,765	2,958,836	18,859,396
NET INCOME (LOSS)	(P226,088)	P145,491,722	(P13,661,471)	P51,972,336
Attributable to:				
Equity holders of the Parent Company	(560,974)	145,140,252	(14,463,696)	51,974,103
Non-controlling interests	334,886	351,470	802,225	(1,767)
	(P226,088)	P145,491,722	(P13,661,471)	P51,972,336
Attributable to Equity Holders of the Parent Company				
Basic / diluted earnings (loss) per share	(P0.0007)	P 0.1718	(P0.0176)	P0.0615

PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Unaudited)
For the six months ended June 30, 2024 and 2023

	Six Months Ended Jun 30		This Quarter	
	2024	2023	2024	2023
NET INCOME (LOSS)	(P226,088)	P145,491,722	(P13,661,471)	P51,972,336
OTHER COMPREHENSIVE INCOME				
Items that will never be reclassified to profit or loss				
Fair value gain (loss) on investment in shares of stock	-	32,057,155	(75,428,600)	30,171,440
Remeasurements of retirement benefits, net of tax	-	-	-	-
	-	32,057,155	(75,428,600)	30,171,440
TOTAL COMPREHENSIVE INCOME (LOSS)	(P226,088)	P177,548,877	(P89,090,071)	P82,143,776
Attributable to:				
Equity holders of the Parent Company	(560,974)	177,197,407	(89,892,296)	82,145,543
Non-controlling interests	334,886	351,470	802,225	(1,767)
	(P226,088)	P177,548,877	(P89,090,071)	P82,143,776

PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES
Consolidated Statements of Changes in Equity (Unaudited)

	Jun. 30, 2024	Jun. 30, 2023
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY:		
CAPITAL STOCK	₱895,330,946	₱895,330,946
ADDITIONAL PAID-IN CAPITAL	254,640,323	254,640,323
COST OF PARENT COMPANY SHARES HELD BY SUBSIDIARIES	(384,595,174)	(285,267,558)
OTHER EQUITY RESERVES		
Cumulative Unrealized Valuation Losses on Financial Assets at FVOCI		
Balance at beginning of year	(234,391,670)	(292,848,835)
Unrealized valuation gains (losses)	-	1,885,715
Realized portion of the fair value reserve	234,391,670	-
Balance at end of period	-	(290,963,120)
Cumulative Remeasurement Gains (Losses) On Retirement Benefits		
Balance at beginning of year	7,728,999	16,962,065
Net remeasurement gains (losses)	-	-
Balance at end of period	7,728,999	16,962,065
Other Reserves	2,610,354	2,610,354
	10,339,353	(241,219,261)
RETAINED EARNINGS		
Balance at beginning of year	530,917,448	342,701,848
Net income (loss)	(560,974)	145,140,252
Dividends declared	(83,683,996)	(84,486,396)
Realized portion of the fair value reserve	(151,420,210)	-
Balance at end of period	295,252,268	403,355,704
NON-CONTROLLING INTEREST		
Balance at beginning of year	4,138,996	1,976,176
Share in net income (loss)	334,886	351,470
Balance at end of period	4,473,882	2,327,646
	₱1,075,441,598	₱1,029,167,800

PACIFIC ONLINE SYSTEMS CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Unaudited)
For the six months ended June 30, 2024 and 2023

	For the six months ended June 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (Loss) before income tax	₱3,733,380	₱185,632,487
Adjustments for:		
Depreciation and amortization	75,589,820	2,606,629
Retirement benefits	2,119,650	3,450,699
Finance charges	20,471,860	24,897
Unrealized foreign exchange loss (gain)	(842,129)	137,917
Interest income	(3,771,117)	(2,497,178)
Marked-to-market losses (gains) on investments held for trading	(2,866,386)	(6,292,485)
Dividend income	-	(18,947,664)
Gain on sale of property and equipment	(235,667)	(137,822)
Gain on sale of investments held for trading	(885,410)	-
Operating income (loss) before working capital changes	93,314,001	163,977,480
Decrease (increase) in:		
Trade and other receivables	28,458,869	(12,756,392)
Other current assets	(24,226,194)	(18,577,152)
Other noncurrent assets	151,756	(309,042,340)
Increase (decrease) in:		
Trade and other payables	(43,602,422)	(25,121,360)
Net cash generated from (used for) operations	54,096,010	(201,519,764)
Retirement contributions	9,383,879	-
Interest received	3,771,117	2,497,178
Income tax paid	(24,891,737)	(22,213,586)
Net cash provided by (used in) operating activities	42,359,269	(221,236,172)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	-	18,947,664
Proceeds from sale of:		
Investments held for trading	57,201,653	-
Property and equipment	235,667	328,466
Financial assets at fair value through	320,571,550	-
Acquisitions of:		
Treasury Shares	(99,327,615)	-
Property and equipment	(34,733,932)	-
Net cash flows provided by (used in) investing activities	243,947,323	19,276,130
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan availments	80,000,000	432,500,000
Loan payments	(64,156,864)	-
Cash dividend paid	(83,683,996)	(84,486,396)
Payment of lease liabilities	(277,638)	(1,891,442)
Finance charges paid	(20,471,860)	(24,897)
Net cash flows provided by (used in) financing activities	(88,590,358)	346,097,265
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	197,716,234	144,137,223
CASH AT BEGINNING OF YEAR	343,945,679	301,656,383
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	842,129	(137,917)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱542,504,042	₱445,655,689

PACIFIC ONLINE SYSTEMS CORPORATION
Attachments to Unaudited Financial Statements
Trade and Other Receivables
As of June 30, 2024

1.) Schedule of Trade and Other Receivables

	Amount
a.) Trade and Nontrade Receivables	
1.) Trade receivables	P122,396,966
2.) Nontrade receivable	131,720,415
	254,117,381
b.) Other Receivables	
1.) Advances to officers and employees	856,935
2.) Advances to contractors and suppliers	118,031
3.) Other receivables	875,702
	1,850,668
Total	P255,968,049

2.) Description of other receivables

<i>Types of Receivables</i>	<i>Nature and Description</i>	<i>Collection / Liquidation Period</i>
1.) Advances to officers and employees	Company loan and other advances granted to officers and employees	Within one (1) year
2.) Advances to contractors and suppliers	Non-interest bearing and are subject to liquidation	Within one (1) year
3.) Other receivables	Other advances	Within one (1) year

3.) Normal operating cycle: 365 days

PACIFIC ONLINE SYSTEMS CORPORATION
Attachments to Unaudited Financial Statements
Segment Information
For the period ended June 30, 2024

The primary segment reporting format is presented based on business segments in which the Group's risks and rates of return are affected predominantly by differences in the products and services provided. Thus, the operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group is engaged in the businesses of leasing lottery equipment to PCSO (leasing activities). Revenue generated from the leasing activities account for 100% of the Group's revenue in 2024.

End of Report

Certification

We, **Willy N. Ocier**, Chairman of the Board, **Armin Antonio B. Raquel Santos**, President and Chief Executive Officer, and **Maria Neriza C. Banaria**, Chief Financial Officer and Treasurer of **PACIFIC ONLINE SYSTEMS CORPORATION**, a corporation duly registered under and by virtue of the laws of the Republic of the Philippines, with SEC registration number **AS93008809** and with principal office address at **28th Floor East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City**, on oath state:

- 1) That we have caused this **SEC Form 17-Q (Quarterly Report)** for the period ended **June 30, 2024** to be prepared on behalf of **Pacific Online Systems Corporation**;
- 2) That we have read and understood its contents which are true and correct based on our own personal knowledge and/or authentic records;
- 3) That the company, **Pacific Online Systems Corporation**, will comply with the requirements set forth in SEC Notice dated May 12, 2021 to effect a complete and official submission of reports and/or documents through electronic mail;
- 4) That we are fully aware that submitted documents which will require pre-evaluation and/or payment of processing fee shall be considered complete and officially received only upon payment of a filing fee; and
- 5) That the e-mail account designated by the company pursuant to SEC Memorandum Circular No. 28, s.2020 shall be used by the company in its submission to CGFD.

IN WITNESS WHEREOF, we have hereunto set our hands this 1ST day of August 2024.



WILLY N. OCIER

ARMIN ANTONIO B. RAQUEL SANTOS

MARIA NERIZA C. BANARIA

SUBSCRIBED AND SWORN to before me this 1st day of August 2024, In Pasig City, Philippines.

Doc. No. 306 ;
Page No. 62 ;
Book No. 22 ;
Series of 2024.


GAUDENCIO A. BARBOZA, JR.
NOTARY PUBLIC
Cities of Pasig, San Juan and
in the Municipality of Pateros, Metro Manila
Until December 31, 2024
PTR No. 01/2601 / 01/02/2024 Pasig City
JP No. 326534 / 12/11/2023 For Year 2024/R
Roll No. 41969
MCLE Comp. VII-0028557/April 19, 2024
No. 11, Unit J Freemont Arcade Bldg.
Shaw Blvd. Brgy. San Antonio, Pasig City
Appointment No. 61 (2023-2024)