COVER SHEET

A200117595

SEC Registration Number

TOUCH SOLUTIONS, INC.

(Company's Full Name)

Unit 901 Jafer Place Building, 19 Eisenhower St., Greenhills, San Juan City

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

Mr. Anson T. Uy

(Contact Person)

721-0431

(Company Telephone Number)

12 31

Month *Day*

(Fiscal Year)

17-Q

(Form Type)

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

CFD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

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, 2012**

2. Commission identification number **A200117595**

3. BIR Tax Identification No **214 815 715 000**

4. Exact name of issuer as specified in its charter **Touch Solutions Inc.**

5. Province, country or other jurisdiction of incorporation or organization **Metro Manila, Philippines**

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office **901 Jafer Place , 19 Eisenhower Street , Greenhills San Juan 1504**

8. Issuer's telephone number, including area code **(632) 721-0431**

9. Former name, former address and former fiscal year, if changed since last report

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

Title of Each Class	Number of Common Stock Outstanding and Amount of Debt Outstanding
Common	55,750,005 shares

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

Yes [/] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange: Common Shares

12. Indicate by check mark whether the registrant:

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

Yes [/] No [ ]

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

Yes [/] No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The following financial statements are submitted as part of this report

a. Unaudited Statements of Income and Retained Earnings for the six months ended June 30,2012 and June 30,2011;
b. Unaudited Balance Sheet as of June 30,2012 and Audited Balance Sheet as of December 31,2011
c. Unaudited Statements of Changes in Stockholder's Equity for the six months ended June 30, 2012 and June 30, 2011
d. Unaudited Statements of Cash Flow for the six months ended June 30, 2012 and June 30,2011

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

Comparable Discussion on Material Changes in Results of Operations for the Six Months' Period Ended June 30,2012 vs. June 30, 2011

Revenues

TSI and its subsidiary, Sagesoft Solutions Inc. (the " Group") generated a total of Php 44.41 million for the six consecutive months ended June 2012.There is an increase of Php 22.2million an equivalent of 100% from last year's revenue Php 22.21 million for the same period in 2011.

The increase on revenue is attributed to a better performance under the Value Added Distribution, ERP and accounting software products. It contributed at least Php21.36 million of the total revenue.

Expenses

The company's total operating expenses , including depreciation and amortization for the six months ended June 30,2012 increased by Php12.99 million (134.57%) to Php22.64 million as compared to Php 9.65 million as of June 30,2011. The bulk of the increase is due to the expenses relating to the recently concluded Initial Public Offering through marketing expense which increased by180%. Another main factor of the increase was the R&D expenses incurred amounting to Php2.79 million in relation to the GPS Tacking as discussed in the Prospectus. Other expenses are attributed to the following with more than ten (10) percent increase:

1. Cost on Licenses and Consultancies have also increased by 89%, similarly to the increase of it revenue.
2. Rental Charges has increased by 112% due to additional office space as compared to last year's 2011 combined with the rental space of its subsidiary.
3. Transportation and traveling expense has increased by 4347% with carrying factors due to expansion of clients and deployments outside Metro Manila apart from the additional transportation allowances granted to the employees as part of the salary restructure.
4. Salaries and Employee Benefits has increased by 208% due to the result in the changes of the organization's structure and hiring of additional new key officers.
5. Legal and Professional Fees has increased by 20% due to higher professional fees.
6. Office expense and supplies have increased by 499% due to one-time factors of company car registration renewals and company outing /teambuilding.
7. Repairs and Maintenance was also up by 54% which was attributed to defective equipments and furniture that needed some repairing.

Other Income(Charges)

Other income's considerable increase is due to interest income earned from a sizeable amount of temporary placements.

Net Income/ (Loss)

The Group's net loss from Php1.19 million of last year's six months ended June 30, 2011 was increased to Php 4.19 million during the same period in 2012. The increase was an effect of the R&D expense incurred for the first six (6) months of the year. The positive performance of the subsidiary, Sagesoft Solutions, Inc. amounting to Php .9 million compensated the overall net loss of the Group.

Comparable Discussion on Material Changes in Financial Condition – June 30,2012 vs. December 31,2011

Total assets of the Group decreased by 10.2% from Php 218 million as of December 31, 2011 to Php 196 million as of June 30, 2012. Decrease in assets is attributed to the following with more than 10% change: Decrease of Trade and Other Receivables by 17.8% from Php59.16 million to Php48.64 million is due to the improvement in the collection cycle and 11.6% decrease in Cash and Cash Equivalents from Php108.06 to Php 95.49 as a result of purchase of fixed assets.

Total liabilities declined from Php113.09 million of last year's ended December 31, 2011 was decreased by 16% to Php 95 million during the first six consecutive months of 2012. This is due to the decrease in trade and other payables by 16.1%.

The stockholders' equity was lowered by 4% from Php105.09 million as of December 30, 2011 to Php 100.9 million as of June 30, 2012 due to the reported net loss of Php 4.19 million which is reflected on the deficit portion of the equity.

Comparable Discussion on Material Changes in Cash Flows for the Six Months Ended June 30, 2012 vs. June 30, 2011

The company's cash and cash equivalents increased by 1,226% from Php7.2 million as of June 30,2011 to Php95.5 million as of June 30,2012. The significant net increase in the cash flows is the result from the recently concluded Initial Public Listing of TSI last December 19, 2011 where the company was able to raise Php 90million out of the 22 million shares at a share price of Php 4.50.

Discussion and Analysis of Material Events and Uncertainties Known to Management

As of June 30, 2012, except for what has been noted in the preceding part, there were no material events or uncertainties known to management that has 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 Company;
2. Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company'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 Company's continuing Operations;
5. Seasonal aspects that had a material impact on the Company's results of operations;
6. Material changes in the financial statements of the Company for the periods ended December 31,2011 to June 30,2012, except those mentioned above;
7. Any events that will trigger direct or contingent financial obligation that is material to the Company, 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

	30-Jun-12	31-Dec-11
Current Ratio	**1.59 : 1**	1.53 : 1
Debt to Equity Ratio	**0.94 : 1**	1.08 : 1

	30-Jun-12	30-Jun-11
Return on Equity	**-4.51%**	-13.64%
Book Value per Share	**1.81**	0.26
Loss per Share	**-0.088**	-0.04

PART II – OTHER INFORMATION

Other Required Disclosures

1. The attached interim financial reports were prepared in accordance with accounting standards generally accepted in the Philippines. The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial statements for the period ended December 31, 2011.
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. There were no material events that occurred subsequent to June 30, 2012 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 Company during the interim period such as business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring, and discontinued operations.
7. There exist no material contingencies and other material events or transactions affecting the current interim period.
8. There were no dividends disbursed as of June 30, 2012.

7. There exist no material contingencies and other material events or transactions affecting the current interim period.
8. There were no dividends disbursed as of June 30, 2012.

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: **TOUCH SOLUTIONS, INC.**

ANSON T. UY	**JENNIFER O. TAN**
Chairman of the Board and President	Acting Chief Financial Officer
Date: 8/10/12	Date: 8/10/12

TOUCH SOLUTIONS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		JUNE 30, 2012 (UNAUDITED)		DEC. 31, 2011 (AUDITED)
ASSET				
Current Assets				
Cash and cash equivalents	P	**95,492,557**	P	108,059,417
Trade and other receivables		**48,638,205**		59,160,770
Other current assets		**5,488,954**		4,214,367
Total Current Assets		**149,619,716**		171,434,554
Noncurrent Assets				
Property and equipment		**6,145,515**		6,291,904
Computer software		**28,822,458**		29,330,521
Goodwill		**10,725,202**		10,725,202
MCIT		**193,342**		-
Noncurrent portion of other receivable		**399,955**		399,955
Total Noncurrent Assets		**46,286,472**		46,747,582
	P	**195,906,188**	P	218,182,136
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	**P**	**94,313,542**	P	112,400,820
Noncurrent Liabilities				
Retirement liability		**687,793**		687,793
Deferred tax liability		-		-
Total Noncurrent liabilities		**687,793**		687,793
		95,001,335		113,088,613
Equity				
Capital stock		**55,750,005**		55,750,005
Deposit for future subscription		-		-
Additional paid-in capital		**73,869,060**		73,869,060
Deficit		**(28,714,212)**		(24,525,542)
		100,904,853		105,093,523
	P	**195,906,188**	P	218,182,136

TOUCH SOLUTIONS, INC.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the 2nd Quarter Ending June 30, 2012 and 2011

		2nd Qtr, 2012		2nd Qtr, 2011
REVENUE	P	17,359,853	P	14,775,482
OTHER INCOME		879,465		40,318
		18,239,318		14,815,800
EXPENSES				
COST OF SALES AND SERVICES		9,629,292		8,956,446
SALARIES AND EMPLOYEE BENEFITS		5,466,074		1,493,075
DEPRECIATION AND AMORTIZATION		988,746		1,172,359
RENT EXPENSE		551,730		531,090
LEGAL & PROFESSIONAL EXPENSE		436,459		149,845
UNDERWRITING AND BROKERS FEE		-		-
OUTSIDE SERVICES		50,002		597,250
LIGHT, COMMUNICATION AND WATER		685,420		306,725
SEMINARS, MEETINGS EXPENSE		332,272		243,675
OFFICE SUPPLIES		704,231		197,992
TRANSPORTATION AND TRAVEL		418,777		166,633
MARKETING		134,267		122,754
TAXES AND LICENSES		9,781		41,941
PROVISION FOR CREDIT LOSSES		-		512,292
REPAIRS & MAINTENANCE EXPENSE		51,637		40,802
REPRESENTATION EXPENSE		41,519		20,803
RESEARCH AND DEVELOPMENT		500,000		-
LOSS ON DISPOSAL		3,380		-
OTHERS		153,107		174,455
		20,156,694		14,728,137
LOSS BEFORE PROVISION FOR INCOME TAX		(1,917,376)		87,663
PROVISION FOR INCOME TAX	P	161,184	P	15,363
TOTAL COMPREHENSIVE LOSS		(2,078,560)		72,300

TOUCH SOLUTIONS, INC.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the Period Ended June 30, 2012 and 2011

		JUNE 30, 2012		JUNE 30, 2011		JUNE 30, 2010
REVENUE	P	**43,042,520**	P	22,146,860	P	14,667,723
OTHER INCOME		**1,363,244**		61,964		185,138
		44,405,764		22,208,824		14,852,861
EXPENSES						
COST OF SALES AND SERVICES		**25,578,743**		13,540,297		8,574,545
SALARIES AND EMPLOYEE BENEFITS		**9,012,299**		2,924,750		2,463,642
DEPRECIATION AND AMORTIZATION		**1,497,132**		366,272		1,029,351
RENT EXPENSE		**1,088,260**		512,292		630,315
LEGAL & PROFESSIONAL EXPENSE		**518,585**		433,805		86,289
UNDERWRITING AND BROKERS FEE		-		299,076		-
OUTSIDE SERVICES		**396,824**		618,282		309,073
LIGHT, COMMUNICATION AND WATER		**1,318,096**		2,119,631		1,395,210
SEMINARS, MEETINGS EXPENSE		**653,050**		773,835		2,740,364
OFFICE SUPPLIES		**940,008**		156,974		2,518,439
TRANSPORTATION AND TRAVEL		**1,032,952**		23,231		2,013,454
MARKETING		**2,904,751**		210,340		280,242
TAXES AND LICENSES		**135,603**		117,560		83,046
PROVISION FOR CREDIT LOSSES		-		-		-
REPAIRS & MAINTENANCE EXPENSE		**91,113**		59,301		82,498
REPRESENTATION EXPENSE		**62,656**		769,745		3,080
RESEARCH AND DEVELOPMENT		**2,790,400**		-		-
LOSS ON DISPOSAL		**3,380**				
OTHERS		**190,689**		264,897		62,943
		48,214,541		23,190,285		22,272,490
LOSS BEFORE PROVISION FOR INCOME TAX		**(3,808,777)**		(981,461)		(7,419,630)
PROVISION FOR INCOME TAX		**379,893**		210,491		55,499
TOTAL COMPREHENSIVE LOSS		**(4,188,670)**		(1,191,952)		(7,475,129)
BASIC / DILUTED LOSS PER SHARE	P	**(0.08)**	P	(0.02)	P	-

TOUCH SOLUTIONS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

		JUNE 30, 2012		JUNE 30, 2011
Capial stock				
Authorized - 100,000,000 shares at P1 par value				
Issued and outstanding				
Balance at beginning of year	P	55,750,005	P	25,750,000
Issuance of capital stock		-		8,000,005
		55,750,005		33,750,005
Additional Paid-in Capital				
Balance at beginning of year		73,869,060		-
Issuance of capital stock		-		-
		73,869,060		-
Deposits for Future Stock Subscription				
Balance at beginning of year		-		8,000,004
Issuance of capital stock		-		(8,000,004)
		-		-
Deficit				
Balance at beginning of year		(24,525,542)		(23,822,160)
Total comprehensive loss		(4,188,670)		(1,191,952)
		(28,714,212)		(25,014,112)
	P	100,904,853	P	8,735,893

TOUCH SOLUTIONS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

		For the Six Months Ended		
		JUNE 30, 2012		JUNE 30, 2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax	P	(3,808,777)	P	(981,461)
Adjustments for:				
Depreciation and amortization		**1,497,132**		2,119,631
Provision for credit losses		-		512,292
Interest income		(947,573)		(52,082)
Unrealized foreign exchange loss(gain)		(154,224)		9,883
Loss on sale of property and equipment		**3,380**		-
Operating gain(loss) before changes in working capital		(3,410,062)		1,608,263
Decrease(increase) in:				
Trade and other receivables		**10,676,789**		(6,120,162)
Other current assets		(899,357)		(763,065)
Increase(decrease) in:				
Trade and other payables		(18,087,278)		10,524,121
Retirement liability		-		54,014
Net cash generated from(used in) operations		(11,719,908)		5,303,171
Interest received		**947,573**		52,082
Income taxes paid		(948,467)		(172,040)
Net Cash Provided by(Used in) Operating Activities		(11,720,802)		5,183,213
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of computer software		-		(5,355,901)
Acquisition of property and equipment		(870,670)		(1,287,916)
Proceeds from disposals of property and equipment		**24,612**		-
Net Cash Used in Investing Activities		(846,058)		(6,643,817)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of common stock		-		1
Net Cash Used in Financing Activities		-		1
NET CHANGE IN CASH AND CASH EQUIVALENTS		(12,566,860)		(1,460,604)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**108,059,417**		8,661,272
CASH AND CASH EQUIVALENTS AT END OF YEAR	P	**95,492,557**	P	7,200,668

TOUCH SOLUTIONS, INC.

FINANCIAL INSTRUMENTS RECOGNITION, MEASUREMENTS AND DISCLOSURES

Reclassifications

As of June 30, 2012, the issuer does not intend to reclassify any of its financial assets and therefore, there is nothing that needs disclosure.

Financial Risk Management Objectives and Policies

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework
The Group's risk management is coordinated with its BOD and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group manages credit risk by setting limits to groups of clients and industry classification. The Group also monitors credit exposures, and continually assesses the creditworthiness of counterparties.

As of June 30, 2012 and December 31, 2011, the carrying amounts of the financial assets represent the maximum exposure to credit risk.

The Group does not hold collateral as security or other credit enhancements to its trade receivables.

The Group did not have any significant concentration of credit risk with a single counterparty or group of counterparties, industry segments, or geographical locations as of June 30, 2012 and December 31, 2011. Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. Based on historical information about customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good.

The table below shows the credit quality of the Group's financial assets.

June 30, 2012

		Neither past due nor impaired			Past due but not impaired		Impaired		Total
		High Grade		Standard					
Cash and cash equivalents	P	95,399,239	P	-	P	-	P	-	**P 95,399,239**
Trade and other receivables									
Trade receivables		1,210,986		10,255,417		25,600,303		56,000	**37,122,706**
Nontrade receivables		-		-		-		-	-
Due from related parties		-		12,254,827		-		5,488,601	**17,743,428**
Other current assets									
Bid deposit		2,088,916		-		-		-	**2,088,916**
Rental deposit		394,339		-		-		-	**394,339**
Noncurrent portion of other receivables		-		-		399,955		-	**399,955**
	P	99,093,480	P	22,510,244	P	26,000,258	P	5,544,601	**P 153,148,583**

December 31, 2011

		Neither past due nor impaired			Past due but not impaired		Impaired		Total
		High Grade		Standard					
Cash and cash equivalents	P	107,958,911	P	-	P	-	P	-	P 107,958,911
Trade and other receivables									
Trade receivables		6,259,399		3,883,703		29,231,880		601,438	39,976,420
Nontrade receivables		1,513,998		-		272,646		-	1,786,644
Due from related parties		-		17,999,144		-		5,488,601	23,487,745
Other current assets									
Bid deposit		1,394,200		-		-		-	1,394,200
Rental deposit		344,895		-		-		-	344,895
Noncurrent portion of other receivables		399,955		-				-	399,955
	P	117,871,358	P	21,882,847	P	29,504,526	P	6,090,039	P 175,348,770

As of June 30,2012 and December 31, 2011, financial assets classified under "neither past due nor impaired" pertains to high and standard grade credit quality instruments because there were few or no history of default on the agreed terms of the contract. "Past due but not impaired" accounts are receivables that are long outstanding but are collectible. "Impaired" are those that are long outstanding and have been fully provided with allowance for credit losses.

High grade financial assets represent cash deposited to top universal and commercial banks and receivables with high probability of collection because these pertain to receivables from key customers.

Standard grade are financial assets where collections are probable due to the reputation and the financial ability of the counterparty. This includes receivables from affiliated companies and employees.

Aging analysis of past due but not impaired financial assets of the Group follow:

June 30, 2012

		<30 days		31-60 days		61-90 days		91-180 days		>180 days		Total
Trade receivables	P	-	P	2,904,665	P	7,054,023	P	7,154,546	P	8,487,068	**P**	**25,600,303**
Nontrade receivables		-		-		-		-		-		-
	P	-	P	2,904,665	P	7,054,023	P	7,154,546	P	8,487,068	**P**	**25,600,303**

December 31, 2011

		<30 days		31-60 days		61-90 days		91-180 days		>180 days		Total
Trade receivables	P	5,097,057	P	2,084,283	P	4,867,450	P	3,672,035	P	13,511,055	P	29,231,880
Nontrade receivables		21,316		163,184		-		88,146		-		272,646
	P	5,118,373	P	2,247,467	P	4,867,450	P	3,760,181	P	13,511,055	P	29,504,526

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group manages its liquidity needs by carefully monitoring cash outflows due in a day-to-day business.

As of June 30, 2012 and December 31, 2011, financial assets and liabilities of the Group are due within three months from their respective reporting dates.

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities as of June 30, 2012 and December 31, 2011.

June 30, 2012

	On demand	< 3 months	3 - 6 months	6 months - 1 year	> 1 year	Total
Financial Assets						
Cash in banks	P 95,492,558	P	P -	P	P -	**P 95,492,558**
Trade and other receivables						
Trade receivables	25,656,303	11,466,403	-	-	-	**37,122,705**
Due from related parties	14,679,221	-	-	3,064,207	-	**17,743,428**
Nontrade receivables	-	-	-	-	-	**-**
Other current assets						
Bid deposits	-	-	-	-	2,088,916	**2,088,916**
Rental deposits	-	-	-	-	394,339	**394,339**
Noncurrent portion of other receivables	399,955	-	-	-	-	**399,955**
	P 136,228,037	P 11,466,403	P -	P 3,064,207	P 2,483,255	**P 153,241,902**
Financial Liabilities						
Trade and other payables						
Due to related parties	P 75,994,526	P -	P -	P -	P -	**P 75,994,526**
Trade payables	8,620,848	-	-	-	-	**8,620,848**
Nontrade payables	5,264,740	-	-	-	-	**5,264,740**
	P 89,880,115	P -	P -	P -	P -	**P 89,880,115**

December 31, 2011

	On demand	< 3 months	3 - 6 months	6 months - 1 year	> 1 year	Total
Financial Assets						
Cash in banks	P 108,059,417	P -	P -	P -	P -	P 108,059,417
Trade and other receivables						
Trade receivables	33,078,988	3,883,703	1,074,224	1,939,505	-	39,976,420
Due from related parties	23,487,745					23,487,745
Nontrade receivables	1,602,144	21,316	163,184			1,786,644
Other current assets						
Bid deposits	744,880			649,320		1,394,200
Rental deposits	344,895					344,895
Noncurrent portion of other receivables		100,000	100,000	200,000	9,899	409,899
	P 167,318,069	P 4,005,019	P 1,337,408	P 2,788,825	P 9,899	P 175,459,220
Financial Liabilities						
Trade and other payables						
Due to related parties	P 85,996,223	P -	P -	P -	P -	P 85,996,223
Nontrade payables	12,603,361	-	-	-	-	12,603,361
Trade payables	11,573,848	745,618	-	-	-	12,319,466
	P 110,173,432	P 745,618	P -	P -	P -	P 110,919,050

Market Risk

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign exchange rates, commodity prices, equity prices and other market changes. The Group's market risk originates from its holdings in its foreign denominated financial instruments.

Interest rate risk
The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. The Group follows a prudent policy on managing its assets and liabilities so as to ensure that exposure to fluctuations in interest rates are kept within acceptable limits. The Group's exposure to fair value and cash flow interest rate risks is reduced to its minimal level since the Group has no financial assets and financial liabilities reported at fair value, and financial assets and liabilities with floating interest rates.

Foreign currency risk
The Group has transactional currency exposures, arising mainly from importation of licenses, which are denominated in currencies other than the Group's functional currency.

The Group's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines. The Group believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits for the type of business in which the Group is engaged in.

As of June 30, 2012, the carrying amounts of the Group's foreign currency-denominated financial instruments are as follows: The exchange rate used was Php 42.16 to 1 USD$1 and Php 0.53 to JYP1.

		June 2012				December 2011		
		United States Dollar		Japanese Yen		United States Dollar		Japanese Yen
Financial Assets								
Cash on hand	$	-	Y	117,015	$	-	Y	110,000
Cash in banks		8,910		-		6,190		-
Trade receivables		2,030		-		9,083		-
Trade payables		(1,156)		-		(138,213)		-
Foreign currency exposure	$	9,784	Y	117,015	$	(122,940)	Y	110,000
Equivalent in Philippine Peso	P	412,493	P	62,018	P	5,389,690	P	62,018

The following table sets forth, the impact of changes in exchange rates on the Group's income after tax:

	June 2012				December 2011			
		United States Dollar		Japanese Yen		United States Dollar		Japanese Yen
Increase by 5%	P	14,437	P	2,170	P	188,639	P	2,170
Decrease by 5%	P	(14,437)	P	(2,170)	P	(188,639)	P	(2,170)

There is no other impact on the Group's total comprehensive income other than those already affecting the profit and loss.

Fair Value Measurement

The carrying amounts of the Group's financial instruments approximate their fair values due to their short-term nature. Due from and to related parties are collectible and payable on demand.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As of June 30, 2012 and December 31, 2011 the Group had no financial instruments reported at fair value within Levels 1, 2 and 3.