



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: **SEC No. 1674**
3. BIR Tax Identification No: **000-479-027**
4. Exact name of issuer as specified in its charter:  
**MANILA BROADCASTING COMPANY**
5. Province, country or other jurisdiction of incorporation or organization  
**Metro Manila**
6. Industry Classification Code:  (SEC Use Only)
7. Address of issuer's principal office  
**MBC Bldg., Star City, CCP Complex  
Roxas Boulevard, Pasay City, Metro Manila**
8. Issuer's telephone number, including area code: **(02)832-6149 to 50**
9. Former name, former address and former fiscal year, if changed since last report  
**N/A**
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 shares of common stock outstanding and amount of debt outstanding
<b>Common Shares</b>	<b>402,682,990 shares</b>
<b>Total Liabilities</b>	<b>P293,816,130</b>

11. Are any or all of the securities listed on a 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 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.**

Please see attached Financial Statements for June 30, 2012

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

Please see attached Management Discussion and Analysis of Financial Condition and Results of Operations.

#### **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: **MANILA BROADCASTING COMPANY**

Duly Authorized Representative of the Issuer: **Mr. Ruperto S. Nicdao, Jr.**

Signature:



President

Date:

August 2, 2012

Principal Financial/Accounting Officer/Controller: **Mr. Eduardo G. Cordova**

Signature:



SVP - CFO

Date:

August 2, 2012

**MANILA BROADCASTING COMPANY**

## BALANCE SHEETS

As of June 30, 2012 and December 31, 2011

	2012 Unaudited (6 Months)	2011 Audited (1 Year)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	48,208,457	73,140,156
Receivables - net	295,589,972	296,318,715
Due from affiliates	92,846,854	88,966,242
Materials and supplies - net	9,293,003	9,308,734
Prepaid expenses and other current assets	5,535,951	5,410,742
<b>Total Current Assets</b>	<b>451,474,237</b>	<b>473,144,589</b>
<b>Noncurrent Assets</b>		
Available-for-sale financial assets	25,634,635	25,634,635
Property and equipment		
At cost	92,308,159	62,139,150
At revalued amount	122,201,600	122,201,600
Investment Properties	69,189,048	73,224,113
Intangible Assets	109,288,694	115,196,192
Goodwill	38,016,206	38,016,206
Other Non-current Assets	6,625,358	6,463,547
<b>Total Noncurrent Assets</b>	<b>463,263,700</b>	<b>442,875,443</b>
<b>TOTAL ASSETS</b>	<b>914,737,937</b>	<b>916,020,032</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable & accrued expenses	188,495,142	197,321,811
Dividends Payable	1,661,681	1,661,994
Talent fees and commissions payable	30,818,670	30,618,538
Income tax payable	4,913,547	12,710,746
<b>Total Current Liabilities</b>	<b>225,889,040</b>	<b>242,313,089</b>
<b>Non-current Liability</b>		
Accrued retirement benefits	43,365,242	48,075,663
Deferred Income Tax Liability	3,427,378	3,427,378
<b>Total Noncurrent Liabilities</b>	<b>46,792,620</b>	<b>51,503,041</b>
<b>Total Liabilities</b>	<b>272,681,660</b>	<b>293,816,130</b>
<b>Equity</b>		
Capital Stock	402,803,777	402,803,777
Additional paid-in capital	79,354	79,354
Revaluation increment in land	81,154,854	81,154,854
Reserve for fluctuation in available-for-sale financial assets	60,000	60,000
Retained earnings	158,079,079	138,226,704
Treasury stock	(120,787)	(120,787)
<b>Total Equity</b>	<b>642,056,277</b>	<b>622,203,902</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>914,737,937</b>	<b>916,020,032</b>

**MANILA BROADCASTING COMPANY**

## STATEMENTS OF COMPREHENSIVE INCOME

For Six Months Ended June 30, 2012 and 2011

Tentative and Unaudited

	2012 (6 Months)	2011 (6 Months)	2012 (Apr-Jun)	2011 (Apr-Jun)
REVENUE	409,306,194	423,831,726	223,009,872	222,458,347
EXPENSES	380,945,658	394,286,247	206,631,376	207,218,433
INCOME BEFORE INCOME TAXES	28,360,536	29,545,479	16,378,496	15,239,914
PROVISION FOR INCOME TAX	8,508,161	8,863,644	4,913,547	4,571,972
NET INCOME	19,852,375	20,681,835	11,464,949	10,667,942
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME	19,852,375	20,681,835	11,464,949	10,667,942
Weighted Average Number of Shares Outstanding	402,682,990	402,682,990	402,682,990	402,682,990
Basic/Diluted Earnings Per Share	0.05	0.05	0.03	0.03

**MANILA BROADCASTING COMPANY****STATEMENT OF CASH FLOWS**

For Six Months Ended June 30, 2012 and 2011

Tentative and Unaudited

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	19,852,375	20,681,835
Adjustment to reconcile net income to net cash provided by operating activities :		
Depreciation and amortization	21,564,214	23,368,245
Changes in operating assets and liabilities :		
Decrease (increase) in :		
Receivables	728,743	(1,998,176)
Due from affiliates	(3,880,612)	(1,468,639)
Materials and supplies	15,731	(479,309)
Prepaid expenses and other current assets	(125,209)	282,406
Increase (decrease) in :		
Accounts Payable and accrued expenses	(8,826,669)	(8,737,966)
Due to affiliates	0	0
Talent fees and commissions payable	200,132	(873,290)
Income tax payable	(7,797,199)	(18,555,131)
Net Cash provided by operating activities	21,731,506	12,219,975
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net addition to property & equipment, investment properties & intangible assets	(41,790,660)	(17,932,771)
Other non-current assets	(161,811)	428,288
Accrued retirement benefits	(4,710,421)	(803,052)
Cash used in investing activities	(46,662,892)	(18,307,535)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends Paid	(313)	(104,309)
Net cash provided by (used in) financing activities	(313)	(104,309)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(24,931,699)	(6,191,869)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	73,140,156	98,066,938
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	48,208,457	91,875,069

**MANILA BROADCASTING COMPANY****STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**

For Six Months Ended June 30, 2012 and 2011

	Capital Stock	Add'l Paid-in Capital	Revaluation Increment in Land	Reserve for Fluctuation in Available for-sale Financial Assets	Retained Earnings	Treasury Stock	Total
Bal. at December 31, 2011	402,803,777	79,354	81,154,854	60,000	138,226,704	(120,787)	622,203,902
Net Income Jan.-Jun. 2012					19,852,375		19,852,375
<b>Bal. at Jun. 30, 2012</b>	<b>402,803,777</b>	<b>79,354</b>	<b>81,154,854</b>	<b>60,000</b>	<b>158,079,079</b>	<b>(120,787)</b>	<b>642,056,277</b>
Bal. at December 31, 2010	402,803,777	79,354	81,154,854	40,000	198,167,753	(120,787)	682,124,951
Net Income Jan.-Jun. 2011					20,681,835		20,681,835
<b>Bal. at Jun. 30, 2011</b>	<b>402,803,777</b>	<b>79,354</b>	<b>81,154,854</b>	<b>40,000</b>	<b>218,849,588</b>	<b>(120,787)</b>	<b>702,806,786</b>

**MANILA BROADCASTING COMPANY**

**AGING OF ACCOUNTS RECEIVABLE**

For Six Months Ended June 30, 2012 and 2011.

In Thousands of Pesos

June 30, 2012

	Neither Past Due nor Impaired	Age Analysis of Past Due but not Impaired			Past due and Impaired	Allowance	Total	
		<30 days	30-60 days	60-90 days				90-120 days
Trade	216,931	38,260	9,096	14,891	9,195	39,535	(54,412)	273,496
Others	19,478	1,302	847	134	816	3,456	(3,939)	22,094
<b>TOTAL</b>	<b>236,409</b>	<b>39,562</b>	<b>9,943</b>	<b>15,025</b>	<b>10,011</b>	<b>42,991</b>	<b>(58,351)</b>	<b>295,590</b>

June 30, 2011

	Neither Past Due nor Impaired	Age Analysis of Past Due but not Impaired			Past due and Impaired	Allowance	Total	
		<30 days	30-60 days	60-90 days				90-120 days
Trade	190,916	23,788	39,810	20,273	11,145	38,902	(51,137)	273,697
Others	28,317	5,685	5,345	524	2,534	3,562	(4,305)	41,662
<b>TOTAL</b>	<b>219,233</b>	<b>29,473</b>	<b>45,155</b>	<b>20,797</b>	<b>13,679</b>	<b>42,464</b>	<b>(55,442)</b>	<b>315,359</b>



## MANILA BROADCASTING COMPANY

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### NOTES TO FINANCIAL STATEMENTS

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1. Basis of Preparation

The accompanying financial statements have been prepared under the historical cost convention and in conformity with accounting principles generally accepted in the Philippines.

2. Accounting Policies

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the 2011 audited annual financial statements.

3. Financial instruments, classification and measurements:

Cash and Cash Equivalents

Cash includes cash on hand and cash in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of up to six months or less and that are subject to an insignificant risk of change in value.

Financial Assets and Financial Liabilities

Financial assets are classified as either financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) investments, or AFS financial assets, as appropriate. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other liabilities, as appropriate.

The Company determines the classification of its financial assets and financial liabilities at initial recognition and, where allowed and appropriate, reevaluates this designation at each financial yearend. Financial assets and financial liabilities are recognized initially at fair value.

Loans and receivables

Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost in the balance sheet. Amortization is determined using the effective interest rate method. Loans and receivables are classified as current assets if maturity is within twelve months of the balance sheet date. Otherwise, these are classified as noncurrent assets.

Included under this category are the Company's cash in banks and cash equivalents, receivables and due from affiliates.

AFS financial assets

AFS financial assets are those nonderivative financial assets that are designated as such or are not classified in any of the six preceding categories. Financial assets may be designated at initial recognition as AFS if they are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in

market conditions. After initial recognition, quoted AFS financial assets are measured at fair value with gains or losses being recognized as a separate component of equity until the investment is derecognized or until the investment is determined to be impaired, at which time the cumulative gains or losses previously reported in equity is included in the statement of income. Unquoted AFS financial assets, on the other hand, are carried at cost, net of any impairment, until the investment is derecognized.

Included under this category are the Company's quoted and unquoted equity investments.

#### Classification of Financial Instruments

The Company classifies a financial instrument, or its component parts, on initial recognition, as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the balance sheets.

#### Valuation of financial assets and financial liabilities

The Company carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgment. The significant components of fair value measurement were determined using verifiable objective evidence.

#### 4. Financial Risk Management Objectives and Policies

The main risk arising from the Company's financial instruments are credit risk, liquidity risk, and interest rate risk.

##### Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of control and monitoring procedures. It is the Company's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. Receivables and due from affiliate's balances are monitored on an ongoing basis to ensure that the Company's exposure to bad debts is not significant.

##### *Gross maximum exposure to credit risk*

The maximum exposure to credit risk as of June 30, 2012 and Dec. 31, 2011 is as follows:

	2012 Unaudited (6 months)	2011 Audited (1 year)
<hr/>		
Loans and receivables		
Cash in bank and cash equivalents	48,208,457	73,140,156

Receivables:		
Trade	273,495,978	272,684,015
Others	22,093,994	23,634,700
	343,798,429	369,458,871
Due from affiliates	92,846,854	88,966,242
	436,645,283	458,425,113
AFS financial assets	25,634,635	25,634,635
	462,279,918	484,059,748

#### *Credit quality of financial assets*

The table below summarized the credit quality of the Company's financial assets as of June 30, 2012:

		Neither past due nor impaired									
		Standard		Past due but		Past due					
		High grade	Grade	not impaired	and impaired					Total	
<b>Loans and receivables:</b>											
Cash in banks	P	48,208,457	P	–	P	–	P	–	P	–	48,208,457
<b>Receivables</b>											
Trade		44,180,779		99,557,444		86,104,331		43,653,425			273,495,978
Others		8,125,408		4,399,879		5,886,826		3,681,881			22,093,994
Due from affiliates		92,846,854		–		–		–			92,846,854
		193,361,498		103,957,322		91,991,157		47,335,306			436,645,283
AFS financial assets		–		25,634,635		–		–			25,634,635
<b>Total</b>	P	193,361,498	P	129,591,957	P	91,991,157	P	47,335,306	P		462,279,918

#### Liquidity risk

Liquidity risk arises when obligations are not met when they fall due. It is the Company's objective to finance capital expenditures, services, and maturing obligations as scheduled. To cover the Company's financing requirements, the Company uses internally generated funds and proceeds from debt. Projected and actual cash flow information are regularly evaluated and funding sources are continuously assessed.

#### Interest rate risk

The Company's exposure to the risk of changes in market interest rate is minimal since the Company has paid all of its notes payable.

5. The company has no investment on foreign securities.
6. There are no seasonal aspects that had a material effect on the financial condition or results of operations.
7. There are no unusual items affecting assets, liabilities, equity, net income, or cash flows.
8. There are no changes in estimates of amounts reported in prior interim periods of the current financial year or in estimates of amounts reported in prior financial years.
9. There were no payments of bank loans for the six months ended June 30, 2012 as all bank loans were fully paid as of December 31, 2011.
10. The company is organized into only one operating division – radio broadcasting, which is its primary activity. The company has six programming formats, namely DZRH and "Aksyon Radyo" stations, Love Radio, Yes-FM, Hot-FM, Radyo Natin, and Easy Rock which represent about 24%, 53%, 10%, 5%, 3% and 5% of the total broadcasting fee for the first six months of 2012.
11. The Company plans to earmark P75.0 Million capital expenditure for its various projects, namely; Relocation of transmitters and antennae towers of manila stations to BSA Towers in Ortigas Center, RHTV broadcast expansion over various cable and TV channels, leasehold improvement at Head Office, audio and video streaming over the internet, and improvement of existing stations' equipment and facilities nationwide. This will be funded by cash flows from operating activities.
12. There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.
13. There are no changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.
14. There are no changes in contingent liabilities or contingent assets since the last annual balance sheet date.
15. There are no material contingencies and any events or transactions that are material to an understanding of the current interim period.
16. There are no known trends, demands, commitments, events or uncertainties that will have a material impact on the company's liquidity;

17. There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations;
18. There are no significant elements of income or loss that did not arise from the company's continuing operations;
19. There are no known events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
20. 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.

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

*The following discussion should be read in conjunction with the company's interim financial statements for the six months ended June 30, 2012*

### June 30, 2012 Versus June 30, 2011

#### Results of Operations

The company achieved aggregate revenue of P409.3 million during the first half of 2012, a decrease of 3.4% over the P423.8 million registered for the same period in 2011 primarily due to slow down in the radio industry. Total costs and expenses for the first six months amounted to P380.9 million, down by 3.4% from P394.3 million last year. The decrease in expenses was mainly due to variable costs resulting from the decrease in revenues.

The net income for the first six months of 2012 was P19.9 million, down by 4.0% versus last year's P20.7 million.

#### Liquidity and Capital Resources

Total assets decreased slightly by .1% to P914.7 million from 2011 year-end balance of P916.0 million. Of the total consolidated resources, 642.1 million was accounted for by stockholders' equity with the balance of P272.7 million in liabilities. The increase in stockholders' equity was due to net income of P19.9 million for the six months ended June 30, 2012. No cash or stock dividends were declared in the period under review. The company instead used its current income to finance expansion and operation and paid its maturing obligations.

#### KEY FINANCIAL INDICATORS

	January to June	
	2012	2011
1. Return on Sales (ROS)		
Net Income	19,852,375	20,681,835
Divide by: Sales	409,306,194	423,831,726
<b>ROS</b>	<b>4.85%</b>	<b>4.88%</b>
2. Earnings Per Share (EPS)		
Net Income	19,852,375	20,681,835
Divide by: No. of Shares Outstanding	402,682,990	402,682,990
<b>EPS</b>	<b>0.049</b>	<b>0.051</b>
3. Current Ratio		
Current Assets	451,474,237	467,851,809

Divide by: Current Liabilities	225,889,040	227,211,875
<b>Current Ratio</b>	<b>1.999</b>	<b>2.059</b>
4. Debt-Equity Ratio		
Total Liabilities	272,681,660	248,716,804
Total Stockholders' Equity	642,056,277	702,806,786
<b>Debt-Equity Ratio</b>	<b>0.425</b>	<b>0.354</b>
5. Book Value Per Share		
Total Stockholders' Equity	642,056,277	702,806,786
Divide by: No.of Shares Outstanding	402,682,990	402,682,990
<b>Book Value Per Share</b>	<b>1.594</b>	<b>1.745</b>

### Discussion on Key Performance Indicators

1. ROS decreased from 4.88% to 4.85% mainly due to the decrease in sales which was not amply compensated by the corresponding decrease in costs and expenses.
2. There was a slight decrease in EPS from P0.051 to P0.049/share because net income during the period under review decreased from P20.7 million to P19.9 million while the number of outstanding shares remained constant.
3. The current ratio is close to 2:1. At this current level, the company will be able to meet its maturing obligations on time.
4. The debt-equity ratio is 0.425:1. It showed a favorable indication since there are more owners' equities than liabilities. Suppliers and banks prefer a lower debt-equity ratio. This also means that the company has more leverage for increasing its credit lines.
5. The book value is 1.594 per share, a positive indication since this amount exceeds by 59.4% the par value per share of P1.00.

### Causes for Material Change from Period to Period (5%)

1. Cash and cash equivalents decreased by P24.9 Million or 34.1% mainly due to capital expenditures paid during the period.
2. Property and equipment – net (at cost) increased by 30.2 million or 48.55% primarily due to the cost of ongoing relocation of transmitters and antennae towers of manila stations to BSA Towers in Ortigas Center.
3. Investment properties and intangible assets decreased due to amortization charges during the period.

4. Income Tax Payable decreased by P7.8 million or 61.3% primarily due to subsequent payment in April 2012 of the 2011 annual income tax payable. The balance represents provision of income tax for the 2<sup>nd</sup> quarter of 2012.
5. Accrued retirement benefits decreased by P4.7 Million or 9.8% mainly due to the contribution payments made in the retirement fund during the period.

**Other matters - (Rule on Minimum Public Ownership as a Continuing Listing Requirement)**

The Company is compliant with the 10-percent minimum public ownership requirement for listed companies under Section 3, Article XVIII on the Continuing Listing Requirements of the Listing and Disclosure Rules of the Exchange. The public float of the Company is currently just at 10.2 percent.