MBC
MANILA BROADCASTING COMPANY

August 14, 2013

PHILIPPINE STOCK EXCHANGE
4th Floor, PSE Center, Exchange Road
Ortigas Center, Pasig City
Metro Manila

Attention: MS. JANET A. ENCARNACION
Head, Disclosure Department

Gentlemen:

We are submitting herewith the Quartterly Report (SEC Form 17-Q) of Manila Broadcasting Company for the quarter ended June 30, 2013.

We trust you will find everything in order.

Very truly yours,

ROBERT A. PUA
VP - 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, 2013**

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 / Postal Code
   MBC Bldg., Star City, CCP Complex, Roxas Boulevard, Pasay City, Metro Manila 1300

8. Issuer's telephone number, including area code: **(02) 832-61-49 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
Common Shares	**402,682,990 shares**
Total Liabilities	**P237,616,641**

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, 2013.

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**

By:

RUPERTO S. NICDAO, JR.
President

MR. EDUARDO G. CORDOVA
SVP – Chief Finance Officer

Date: August 14, 2013

MANILA BROADCASTING COMPANY

BALANCE SHEETS

As of June 30, 2013 and December 31, 2012

	2013 Unaudited (6 Months)	2012 Audited (1 Year)
ASSETS		
Current Assets		
Cash and cash equivalents	**92,242,609**	141,487,141
Receivables - net	**317,186,402**	309,784,034
Materials and supplies - net	**11,082,973**	12,415,815
Prepaid expenses and other current assets	**5,358,788**	5,103,885
Total Current Assets	**425,870,772**	468,790,875
Noncurrent Assets		
Available-for-sale financial assets	**25,634,635**	25,634,635
Property and Equipment - net		
At cost	**113,462,460**	102,198,219
At revalued amount	**153,477,900**	153,477,900
Investment Properties - net	**61,121,134**	65,155,461
Intangible assets - net	**97,473,698**	103,381,196
Goodwill	**38,016,206**	38,016,206
Other Noncurrent Assets	**6,418,037**	6,278,037
Total Noncurrent Assets	**495,604,070**	494,141,654
TOTAL ASSETS	**921,474,842**	962,932,529
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable & accrued expenses	**127,939,492**	169,545,658
Due to affiliates	**6,633,069**	6,471,524
Dividends payable	**3,370,756**	10,391,998
Talent fees and commissions payable	**34,117,280**	35,826,629
Income tax payable	**6,787,695**	16,484,670
Total Current Liabilities	**178,848,292**	238,720,479
Noncurrent Liabilities		
Accrued retirement benefits	**47,140,468**	53,480,410
Deferred income tax liabilities - net	**11,627,881**	11,627,881
Total Noncurrent Liabilities	**58,768,349**	65,108,291
Total Liabilities	**237,616,641**	303,828,770
Equity		
Capital stock	**402,803,777**	402,803,777
Additional paid-in capital	**79,354**	79,354
Revaluation increment on land	**103,048,264**	103,048,264
Reserve for fluctuation in available-for-sale financial assets	**60,000**	60,000
Retained earnings	**177,987,593**	153,233,151
Treasury stock (at cost)	**(120,787)**	(120,787)
Total Equity	**683,858,201**	659,103,759
TOTAL LIABILITIES & EQUITY	**921,474,842**	962,932,529

MANILA BROADCASTING COMPANY

STATEMENTS OF COMPREHENSIVE INCOME

For Six Months Ended June 30, 2013 and 2012

Tentative and Unaudited

	2013 (6 Months)	2012 (6 Months)	**2013 (April - June)**	2012 (April - June)
REVENUE	**432,348,427**	347,910,265	**257,582,600**	189,558,391
EXPENSES	**396,984,938**	319,549,729	**234,956,950**	173,179,895
INCOME BEFORE INCOME TAXES	**35,363,489**	28,360,536	**22,625,650**	16,378,496
PROVISION FOR INCOME TAX	**10,609,047**	8,508,161	**6,787,695**	4,913,547
NET INCOME	**24,754,442**	19,852,375	**15,837,955**	11,464,949
OTHER COMPREHENSIVE INCOME	**-**	-	**-**	-
TOTAL COMPREHENSIVE INCOME	**24,754,442**	19,852,375	**15,837,955**	11,464,949
Weighted Average Number of Shares Outstanding	**402,682,990**	402,682,990	**402,682,990**	402,682,990
Basic/Diluted Earnings Per Share	**0.061**	0.049	**0.039**	0.028

MANILA BROADCASTING COMPANY

STATEMENT OF CASH FLOWS

For Six Months Ended June 30, 2013 and 2012

Tentative and Unaudited

	2013 (6 Months)	2012 (6 Months)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**24,754,442**	19,852,375
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**20,465,627**	21,564,214
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	**(7,402,368)**	728,743
Due from affiliates	**-**	(3,880,612)
Materials and supplies	**1,332,842**	15,731
Prepaid expenses and other current assets	**(254,903)**	(125,209)
Increase (decrease) in:		
Accounts payable and accrued expenses	**(41,606,166)**	(8,826,669)
Due to affiliates	**161,545**	-
Talent fees and commissions payable	**(1,709,349)**	200,132
Income tax payable	**(9,696,975)**	(7,797,199)
Net cash provided by operating activities	**(13,955,305)**	21,731,506
CASH FLOWS FROM INVESTING ACTIVITIES		
Net addition to property, equipment & investment properties	**(21,788,043)**	(41,790,660)
Other non-current assets	**(140,000)**	(161,811)
Accrued retirement benefits	**(6,339,942)**	(4,710,421.00)
Cash used in investing activities	**(28,267,985)**	(46,662,892)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance (retirement) of notes payable	**-**	-
Dividends Paid	**(7,021,242)**	(313.00)
Net cash provided by (used in) financing activities	**(7,021,242)**	(313.00)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(49,244,532)	(24,931,699)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	141,487,141	73,140,156
CASH AND CASH EQUIVALENTS AT END OF YEAR	92,242,609	48,208,457

MANILA BROADCASTING COMPANY

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

For Six Months Ended June 30, 2013 and 2012

	Capital Stock	Additional 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, 2012	402,803,777	79,354	103,048,264	60,000	153,233,151	(120,787)	659,103,759
Net Income Jan-Jun, 2013					24,754,442		24,754,442
	402,803,777	**79,354**	**103,048,264**	**60,000**	**177,987,593**	**(120,787)**	**683,858,201**
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
	402,803,777	**79,354**	**81,154,854**	**60,000**	**158,079,079**	**(120,787)**	**642,056,277**

MANILA BROADCASTING COMPANY

AGING OF ACCOUNTS RECEIVABLE

For Six Months Ended June 30, 2013 and 2012

In Thousands of Pesos

June 30, 2013

	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	228,719	40,512	10,832	15,569	9,737	41,868	(56,059)	291,178
Others	20,588	1,503	1,013	344	979	3,624	(2,043)	26,008
TOTAL	**249,307**	**42,015**	**11,845**	**15,913**	**10,716**	**45,492**	**(58,102)**	**317,186**

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
TOTAL	**236,409**	**39,562**	**9,943**	**15,025**	**10,011**	**42,991**	**(58,351)**	**295,590**

PART I – FINANCIAL INFORMATION

1. **Corporate Information**

Manila Broadcasting Company (MBC or the "Company") was registered with the Securities and Exchange Commission (SEC) on June 12, 1946, primarily to engage in the business of radio and television broadcasting on a commercial and/or sustaining basis, in all its various forms and processes such as cable TV, pay TV, MMDS, using such means or systems of transmission and distribution of signals that are existing or that may be developed in the future. The registered office address and principal place of business of the Company is at MBC Building, Star City, CCP Complex, Roxas Boulevard, Pasay City.

The Company is listed in the Philippine Stock Exchange (PSE) and has been included in the PSE composite index since October 8, 1949.

2. **Summary of Significant Accounting Policies and Disclosures**

Basis of Preparation
The accompanying financial statements have been prepared using the historical cost convention, except for available-for-sale (AFS) financial assets, which have been measured at fair value, and land which is carried at revalued amount.

The financial statements are presented in Philippine peso (Peso), which is the Company's functional and presentation currency. Amounts are rounded to the nearest Peso unless otherwise indicated.

Statement of Compliance
The accompanying financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year except for the following amendments to standards which became effective on January 1, 2012. These amendments however, did not have any significant impact on the financial position or performance of the Company.

- PFRS 7 *Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements*, require additional disclosures about financial assets that have been transferred but not derecognized to enhance the understanding of the relationship between those assets that have not been derecognized and their associated liabilities. In addition, the amendments require disclosures about continuing involvement in derecognized assets to enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets.

- Philippine Accounting Standard (PAS) 12, *Income Taxes – Recovery of Underlying Assets*, clarifies the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that the carrying amount of investment property measured using the fair value model in PAS 40, *Investment Property*, will be recovered through sale and, accordingly, requires that any related deferred tax, should be measured on a 'sale' basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time ('use' basis0, rather than through sale. Furthermore, the amendment introduces the requirement that deferred tax on nondepreciable assets measured using the revaluation model in PAS 16, *Property, Plant and Equipment,* always be measured on a sale basis of the asset.

New standards, interpretations and amendments issued but not yet effective

The Company reasonably expects the following standards, amendments and interpretations, which have been issued but are not yet effective as at December 31, 2012 to be applicable at a future date. Except as otherwise indicated, the Company does not expect the adoption of the applicable new and amended PFRS to have a significant impact on its financial position or performance. The relevant disclosures will be included in the notes to the financial statements when these become effective.

Effective in 2013

- Amendments to PFRS 1, *Government Loans,* These amendments add a new exception to retrospective application of PFRSs. A first-time adopter of PFRS now applies the measurement requirements of the financial instrument standards to a government loan with a below-market rate of interest prospectively from the date of transition to PFRSs. Alternatively, a first-time adopter may elect to apply the measurement requirements to a government loan, if the information needed was obtained when it first accounted for that loan. This election is available on a loan-by-loan basis.

- Amendments to PFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*, require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32, *Financial Instruments: Presentation*. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement' irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

  a. the gross amounts of those recognized financial assets and recognized financial liabilities;
  b. the amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
  c. the net amounts presented in the statement of financial position
  d. the amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
     i. amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
     ii. amounts related to financial collateral (including cash collateral); and
  e. the net amount after deducting the amounts in (d) from the amounts in (c) above.

The amendment affects disclosures only and has no impact on the Company's financial position or performance.

- PFRS 10, *Consolidated Financial Statements*, replaces the portion of PAS 27, *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC 12, *Consolidation – Special purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities and will require management to exercise significant judgement to determine which entities are controlled, and therefore are required to be consolidated by a parent compared with the requirements that were in PAS 27.

- PFRS 11, *Joint agreements*, replaces PAS 31, *Interests in Joint Ventures* and SIC 13, *Jointly Controlled Entities – Non-monetary Contributions by Venturers*. PFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method.

- PFRS 12, *Disclosures of Interests in Other Entities,* includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

- PFRS 13, *Fair Value Measurement*, establishes a single source of guidance for fair value measurement and eliminates inconsistencies dispersed in various existing PFRS. It does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. This standard should be applied prospectively as of the beginning of the annual period in which it is initially applied. Its disclosure requirements need not be applied in comparative information provided for periods before initial application of PFRS 13. The Company has assessed the impact of adopting this standard and does not anticipate that the adoption of this standard will have a significant impact on its financial position and performance.

- PAS 27, *Separate Financial Statements* (as revised in 2011), has been limited to accounting for subsidiaries, jointly controlled entities, and associates in the separate financial statements as a consequence of the new PFRS 10 and PFRS 12.

- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011), has been renamed as a consequence of the new PFRS 11 and PFRS 12 and describes the application of the equity method to investments in joint ventures in addition to associates.

Effective in 2014

- PAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Company's financial position or performance.

Effective in 2015

- PFRS 9, *Financial Instruments: Classification and Measurement*, as issued in 2010, reflects the first phase of the work on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. In subsequent phases, hedge accounting, impairment and derecognition of financial assets will be addressed. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of financial assets.

  The Company decided not to early adopt PFRS 9 for its 2012 reporting ahead of its effectivity date on January 1, 2015 and therefore the interim financial statements as at and for the period ended June 30, 2013 do not reflect the impact of the said standard. The Company shall conduct another impact evaluation in early 2013 using the financial statements for the year ended December 31, 2012. The Company will determine the effect of this standard in conjunction with the other phases, when issued, to present a comprehensive picture.

Effectivity date to be determined

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate,* covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly through subcontractors. This Interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. The SEC and the Financial Reporting Standards Council have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Company.

3. **Financial instruments, classification and measurements**:

Cash and Cash Equivalents
Cash includes cash on hand and 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 and financial liabilities are recognized initially at fair value. Directly attributable transaction costs, if any, are included in the initial measurement of financial assets and financial liabilities, except for any financial instrument measured at fair value through profit or loss (FVPL). The Company recognizes a financial asset or liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income, Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Financial instruments are classified as financial assets or financial liabilities at FVPL, loans and receivables, held-to-maturity (HTM) investments, AFS financial assets, or other financial liabilities, as appropriate.

The Company determines the classification of its financial assets and financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

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 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.

Other financial liabilities
This category pertains to financial liabilities that are neither held for trading nor designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings.

The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

Included under this category are the Company's accounts payable and accrued expenses, due to affiliates, dividends payable, talent fees and commissions payable.

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 judgement. 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, 2013 and Dec. 31, 2012 is as follows:

	2013 Unaudited (6 months)	2012 Audited (1 Year)
Loans and receivables		
Cash in bank and cash equivalents	92,242,609	141,487,141
Receivables:		
Trade	291,178,711	278,962,894
Others	26,007,691	30,821,140
	409,429,011	451,271,175
Due from affiliates	-	-
	409,429,011	451,271,175
AFS financial assets	25,634,635	25,634,635
	435,063,646	476,905,810

Credit quality of financial assets

The table below summarized the credit quality of the Company's financial assets as of June 30, 2013:

	Neither past due nor impaired		Past due but not impaired	Past due and impaired	Total
	High grade	Standard grade			
Loans and receivables:					
Cash in banks	92,242,609				92,242,609
Receivables (net)					
Trade	58,901,985	132,730,368	64,436,712	35,109,646	291,178,711
Others	12,364,002	6,695,062	3,595,987	3,352,640	26,007,691
Due from	-	-	-	-	-

affiliates					
AFS financial assets		25,634,635			25,634,635
Total	163,508,596	165,060,065	68,032,699	38,462,286	435,063,646

- **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 have 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, 2013 as all bank loans were fully paid as of December 31, 2012.

10. The Company is organized into only one operating division – radio broadcasting, which is its primary activity. The Company has seven programming formats, namely: DZRH and Aksyon Radyo stations, Love Radio, Yes FM, Hot FM, Radyo Natin and EasyRock which represent about 25%, 52%, 9%, 4%,4% and 6% of the total broadcasting fee for the first six months of 2013.

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, purchase of new transmitters for provincial stations, RHTV broadcast expansion over various cable and TV channels, leasehold improvement of 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, 2013

JUNE 30, 2013 VS. JUNE 30, 2012

Results of Operations

The Company achieved aggregative revenue of P432.3 million, net of agency commission, during the first six months of 2013, an increase of 24.27% over the P347.9 million (net) registered for the same period in 2012 mainly due to advertising spending by political candidates in line with their campaign for the recently held local and national elections. Total costs and expenses for the first six months amounted to P396.9 million, up by 24.23% from P319.5 million last year.

The net income for the first six months of 2013 was P24.7 million, 24.69% higher than last year's P19.9 million.

Liquidity and Capital Resources

The assets decreased slightly by 4.3% to P921.4 million from 2012 year-end balance of P962.9 million. Of the total consolidated resources, P683.9 million was accounted for by stockholders' equity with the balance of P237.6 million in liabilities. The increase in stockholders' equity was due to net income of P24.7 million for the six months ended June 30, 2013. 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	
		2013	2012
1.	Return on sales (ROS)		
	Net income	24,754,442	19,852,375
	Divide by: Sales	432,348,427	347,910,265
	ROS	**5.73%**	**5.71%**
2.	Earnings Per Share (EPS)		
	Net income	24,754,442	19,852,375
	Divide by: No. of Shares Outstanding	402,682,990	402,682,990
	EPS	**0.061**	**0.049**
3.	Current Ratio		
	Current assets	425,870,772	451,474,237
	Divide by: Current liabilities	178,848,292	225,889,040
	Current Ratio	**2.381**	**1.999**
4.	Debt-Equity Ratio		
	Total liabilities	237,616,641	272,681,660
	Divide by: Total stockholders' equity	683,858,201	642,056,277

	Debt-Equity Ratio	**0.347**	**0.425**
5.	Book Value Per Share		
	Total stockholders' equity	683,858,201	642,056,277
	Divide by: No. of shares outstanding	402,682,990	402,682,990
	Book Value Per Share	**1.698**	**1.594**
6.	Asset to Equity Ratio		
	Total stockholders' equity	683,858,201	642,056,277
	Divide by: Total assets	921,474,842	914,737,937
	Asset to Equity Ratio	**0.742**	**0.702**

7. Interest Rate Coverage Ratio
   Not applicable as the Company has no interest-bearing loan balances during the period under review.

Discussion on Key Performance Indicators

1. ROS increased from 5.71% to 5.73% mainly due to the increase in the Company's net income for the period.

2. EPS increased by P0.012, from P0.049 to P0.061 per share. It is because net income during the period under review increased from P19.9 million to P24.7 million while the number of outstanding shares remained constant.

3. The current ratio increased to 2.381:1 from 1.999:1. At this current level, the Company will be capable of meeting its maturing obligations on time.

4. The debt-equity ratio decreased from 0.425 in 1st semester of 2012 to 0.347 in the same period of 2013. 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 per share increased to 1.698 from 1.594 mainly due to the increase in the Company's stockholders equity for the period while the number of outstanding shares remained constant. This increase in BV per share is a positive indication since this amount exceeds by 69% the par value per share of P1.00.

6. The asset to equity ratio is a financial ratio indicating the relative proportion of equity used to finance the company's assets. The relatively high equity ratio of 0.742 indicates the conservative approach of the company with respect to its financial leveraging.

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

1. Cash and cash equivalents decreased by P49.2 million or 34.8% mainly due to capital expenditures and accrued expenses paid during the period.

2. Materials and supplies – net decreased to P11.1 million from P12.4 million in the same period of 2012 mainly due to the decrease in the company's Ex-deal inventory. The Company also makes an effort to eliminate excessive stock of materials and supplies to avoid extra cost of carrying the inventory.

3. Property and equipment – net (at cost) increased by P11.3 million or 11.0% primarily due to the cost of ongoing acquisition and transfer of transmitters and antennae towers of Manila FM stations to St. Francis Square, Mandaluyong.

4. Investment properties and intangible assets decreased by 6.2% and 5.7% respectively due to depreciation and amortization charges during the period.

5. Intangible assets arise from the Company's acquisition of DWRK. The decrease of P5.9 million or 5.7% represents amortization costs during the year.

6. Accounts payable and accrued expenses for the period decreased by 24.5% or P41.6 million from last year's P169.5 million to P127.9 million. It is due to the accelerated payments made by the Company to its suppliers and other creditors.

7. Dividends payable decreased by 67.6% or P7.0 million as a result of payments made to stockholders.

8. Income tax payable decreased by P9.7 million or 58.8% primarily due to subsequent payment in April 2013 of the 2012 annual income tax payable. The balance represents provision for income tax for the 2nd quarter of 2013.

9. Accrued retirement benefits decreased by P6.3 million or 11.9% mainly due to the contribution payments made to the Company's retirement fund during the period.

10. Retained earnings increased by P24.8 million or 16.2% mainly due to the higher net income earned during the period.

Other Matters

- **Rule on Minimum Public Ownership as a Continuing Listing Requirement**

  The Company is a 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 at 10.19 percent.

PART II – OTHER INFORMATION

There is no other information not previously reported in SEC Form 17-C that need to be reported in this section.