



August 11, 2016

PHILIPPINE STOCK EXCHANGE
Ayala Triangle, Ayala Avenue,
Makati City 1226

Attention: MR. JOSE VALERIANO B. ZUÑO III
Head - Disclosure Department

Gentlemen:

We are submitting herewith the Quarterly Report SEC Form 17-Q of Manila Broadcasting Company for the quarter ended June 30, 2016.

Very truly yours,


EDUARDO G. CORDOVA
SVP - CFO

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, 2016**
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., V. Sotto St., CCP Complex, Pasay City 1307 Philippines
8. Issuer's telephone number, including area code: **(02) 832-61-49 to 50**
 - a. Former name, former address and former fiscal year, if changed since last report:
N/A

9. 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	P442,905,923

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

Yes No

11. 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, 2016.

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

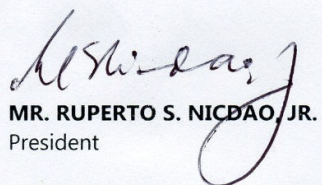
Please see attached management Discussion and Analysis of Financial Condition and Results of Operations.

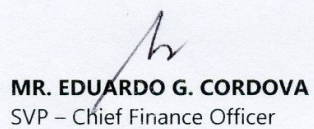
SIGNATURES

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:


MR. RUPERTO S. NICDAO, JR.
President


MR. EDUARDO G. CORDOVA
SVP – Chief Finance Officer

Date: August 11, 2016

MANILA BROADCASTING COMPANY

BALANCE SHEETS

As of June 30, 2016 and December 31, 2015

	2016 Unaudited (6 Months)	2015 Audited (1 Year)
ASSETS		
Current Assets		
Cash and cash equivalents	190,178,040	121,516,730
Receivables - net	302,896,395	337,902,488
Due from affiliates	286,354,367	309,347,902
Materials and supplies - net	5,612,795	5,736,655
Prepaid expenses and other current assets	9,022,005	856,592
Total Current Assets	794,063,602	775,360,367
Noncurrent Assets		
Available-for-sale financial assets	42,419,455	42,419,455
Property and Equipment - net		
At cost	122,447,808	114,059,074
At revalued amount	191,527,500	191,527,500
Investment Properties - net	43,162,850	43,163,550
Intangible assets - net	62,028,710	67,936,208
Goodwill	38,016,206	38,016,206
Other Noncurrent Assets	8,094,738	7,205,071
Total Noncurrent Assets	507,697,267	504,327,064
TOTAL ASSETS	1,301,760,869	1,279,687,431
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable & accrued expenses	349,946,664	290,280,735
Dividends payable	17,675,864	8,938,390
Income tax payable	22,030,634	32,324,779
Total Current Liabilities	389,653,162	331,543,904
Noncurrent Liabilities		
Accrued retirement benefits	23,727,685	27,635,054
Accrued rent	4,809,492	4,809,492
Deferred income tax liabilities - net	24,715,584	24,715,584
Total Noncurrent Liabilities	53,252,761	57,160,130
Total Liabilities	442,905,923	388,704,034
Equity		
Capital stock	402,803,777	402,803,777
Additional paid-in capital	79,354	79,354
Revaluation increment on land	126,952,914	126,952,914
Reserve for fluctuation in available-for-sale financial assets	90,000	90,000
Remeasurements on accrued retirement benefits	13,526,849	13,526,849
Retained earnings	315,522,839	347,651,290
Treasury stock (at cost)	(120,787)	(120,787)
Total Equity	858,854,946	890,983,397
TOTAL LIABILITIES & EQUITY	1,301,760,869	1,279,687,431

MANILA BROADCASTING COMPANY**STATEMENTS OF COMPREHENSIVE INCOME**

For Six Months ended June 30, 2016 and 2015

Tentative and Unaudited

	2016 (6 Months)	2015 (6 Months)	2016 (April - June)	2015 (April - June)
REVENUE	671,056,558	429,022,224	405,205,971	250,915,463
EXPENSES	544,578,082	390,994,552	306,562,051	225,902,847
INCOME BEFORE INCOME TAXES	126,478,476	38,027,672	98,643,920	25,012,616
PROVISION FOR INCOME TAX	37,943,543	11,408,302	29,593,176	7,503,785
NET INCOME	88,534,933	26,619,370	69,050,744	17,508,831
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME	88,534,933	26,619,370	69,050,744	17,508,831
Weighted Average Number of Shares Outstanding	402,682,990	402,682,990	402,682,990	402,682,990
Basic/Diluted Earnings Per Share	0.220	0.066	0.171	0.043

MANILA BROADCASTING COMPANY**STATEMENT OF CASH FLOWS**

For Six Months ended June 30, 2016 and 2015

Tentative and Unaudited

	2016	2015
	(6 Months)	(6 Months)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	88,534,933	26,619,370
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	14,311,606	17,433,196
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	35,006,093	14,287,236
Due from affiliates	22,993,535	(4,474,415)
Materials and supplies	123,860	82,855
Prepaid expenses and other current assets	(8,165,413)	10,253
Increase (decrease) in:		
Accounts payable and accrued expenses	59,665,928	(20,330,744)
Talent fees and commissions payable	-	100,000
Income tax payable	(10,294,145)	(23,946,700)
Deferred income tax liabilities	-	-
Net cash provided by operating activities	202,176,398	9,781,051
CASH FLOWS FROM INVESTING ACTIVITIES		
Net addition to property, equipment & investment properties	(16,792,142)	(22,111,970)
Other non-current assets	(889,667)	383,482
Accrued retirement benefits	(3,907,369)	(5,861,054)
Cash used in investing activities	(21,589,178)	(27,589,542)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends Paid	(111,925,910)	(8,250,000)
Net cash provided by (used in) financing activities	(111,925,910)	(8,250,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	68,661,310	(26,058,490)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	121,516,730	144,243,784
CASH AND CASH EQUIVALENTS AT END OF YEAR	190,178,040	118,185,294

MANILA BROADCASTING COMPANY**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**

For Six Months ended June 30, 2016 and 2015

	Capital Stock	Additional Paid-in Capital	Revaluation Increment in Land	Reserve for Fluctuation in Available for-sale Financial Assets	Remeasurements on Accrued Retirement Benefits	Retained Earnings	Treasury Stock	Total
Bal. At December 31, 2015	402,803,777	79,354	126,952,914	90,000	13,526,849	347,651,290	(120,787)	890,983,397
Net Income Jan-Jun, 2016						88,534,933		88,534,933
Cash Dividends, P 0.30 per share						(120,663,384)		
	402,803,777	79,354	126,952,914	90,000	13,526,849	315,522,839	(120,787)	979,518,330
Bal. At December 31, 2014	402,803,777	79,354	125,379,594	90,000	13,228,158	224,410,103	(120,787)	765,870,199
Net Income Jan-Jun, 2015						26,619,370		26,619,370
	402,803,777	79,354	125,379,594	90,000	13,228,158	251,029,473	(120,787)	792,489,569

MANILA BROADCASTING COMPANY**AGING OF ACCOUNTS RECEIVABLE**

For Six Months ended June 30, 2016 and 2015

In Thousands of Pesos

June 30, 2016

	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	189,328	42,169	24,824	14,950	23,216	40,684	(61,907)	273,264
Others	14,326	5,945	3,499	2,107	5,246	5,735	(7,226)	29,632
TOTAL	203,654	48,114	28,323	17,057	28,462	46,419	(69,133)	302,896

June 30, 2015

	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	208,065	44,424	25,127	12,813	19,211	36,624	(52,650)	293,614
Others	19,762	2,113	1,376	475	5,801	4,694	(6,741)	27,480
TOTAL	227,827	46,537	26,503	13,288	25,012	41,318	(59,391)	321,094

MANILA BROADCASTING COMPANY

NOTES TO FINANCIAL STATEMENTS

PART I – FINANCIAL INFORMATION

1. Corporate Information

Manila Broadcasting Company (the Company) was incorporated in the Philippines on September 30, 1947. The Company is primarily engaged in the business of radio broadcasting. The registered office address of the Company is MBC Building, V. Sotto Street, CCP Complex, Pasay City. On May 20, 1971, the Philippine Securities and Exchange Commission (SEC) approved the amendment of the Company's Articles of Incorporation to extend its corporate term for another period of 50 years from and after June 11, 1971.

In 2002, the "Hating Kapatid" system (the System) was devised to change the way the Company was handling the operations of the radio stations as well as its marketing, engineering, administrative, and financial functions (support functions). Under the System, the operations of each radio station and support functions were outsourced to service companies managed and operated by former station managers and officers of the Company (affiliated service companies). As such, substantially all employees of the Company were separated. As approved by the BOD, the Company shall provide financial support to certain radio stations through advances as well as payment of certain operating expenses of the said radio stations until these radio stations can financially sustain their operations.

As a result of the System, the Company entered into service agreements with affiliated service companies. These affiliated service companies provide production and creative services, promotions, accounting, personnel, collection, procurement, engineering, and other related services. The Company pays the affiliated service companies a certain percentage of collection as service fee.

2. Summary of Significant Accounting Policies and Disclosures

Basis of Preparation

The financial statements of the Company 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 under property and equipment, which is carried at revalued amount.

The financial statements provide comparative information in respect of the previous period.

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 financial statements have been prepared in accordance 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 adoption of the following new and amended standards effective for the Company beginning January 1, 2015. Unless otherwise indicated, the adoption of these standards did not have an impact on the Company's financial statements:

- Amendments to PAS 19, *Defined Benefit Plans: Employee Contributions*

Annual Improvements to PFRSs (2010-2012 cycle)

The annual Improvements to PFRS (2010-2012 cycle) are effective from July 1, 2014. These amendments have no impact on the Company's financial statements. They include:

- PFRS 2, *Share-based Payment- Definition of Vesting Condition*
- PFRS 3, *Business Combinations- Accounting for Contingent Consideration in a Business Combination*
- PFRS 8, *Operating Segments- Aggregation of Operating Segments and Reconciliations of the Total of the Reportable Segments' Assets to the Entity's Assets*
- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization*
- PAS 24, *Related Party Disclosures – Key Management Personnel*

Annual Improvements to PFRSs (2011-2013 Cycle)

The Annual Improvements to PFRSs (2011-2013 cycle) are effective July 1, 2014. These amendments have no impact on the Company's financial statements. They include:

- PFRS 3, *Business Combinations – Scope Exceptions for Joint Arrangements*
- PFRS 13, *Fair Value Measurement – Portfolio Exception*
- PAS 40, *Investment Property*

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Future Changes in Accounting Policies

The company will adopt the following standards and interpretations enumerated below when these become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended standards and interpretations to have significant impact on its financial statements.

Pronouncements Issued but Not yet Effective

Pronouncements issued but not yet effective as at December 31, 2015 are listed below. These pronouncements are those that the Company reasonably expects to have an impact on its accounting policies or disclosures unless otherwise indicated. The Company intends to adopt the following pronouncements when they become effective.

Deferred

- Philippine Interpretation IFRIC 15, *Agreement for the Construction of Real Estate*

This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as a construction contract to be accounted for under PAS 11 or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with construction materials and where the risks and rewards are transferred to the buyer on a continuous basis will also be accounted for based on the stage of completion. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue Standards Board (IASB) 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.

Effective January 1, 2016

- PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception (Amendments)*

These Amendments clarify the exemption on PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value and that only a subsidiary of an entity that is not an investment entity and that provides support services to the investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity associate or joint venture), when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments are effective for annual periods beginning on or after January 1, 2016. These amendments are not applicable to the Company.

- PAS 27, *Separate Financial Statements – Equity Method in Separate Financial Statements (Amendments)*

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Company's financial statements.

- PFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests (Amendments)*

The amendments to PFRS 11 require a joint operator that is accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business (as defined by PFRS 3), to apply the relevant PFRS 3 principles for business

combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not re measured on the acquisition of an additional interest in the same joint operation while in joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not to have any impact to the Company.

- PAS 1, *Presentation of Financial Statements* – Disclosure Initiative (Amendments)

The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS. They clarify the following:

- That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions.
- That specific line items in the statement of income and other comprehensive income and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to the financial statements
- That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single item, and classified between those items that will not be subsequently reclassified to profit or loss.

Early application is permitted and entities do not need to disclose that the fact as the amendments are considered to be clarifications that do not affect an entity's accounting policies or accounting estimates. The Company is currently assessing the impact of these amendments on its financial statements.

- PFRS 14, *Regulatory Deferral Accounts*.

PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Company is an existing PFRS preparer, this standard would not apply.

- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants*

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After

initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company as the Company does not have any bearer plants.

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments)*

The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company.

Annual Improvements to PFRSs (2012-2014 cycle)

The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Company. They include:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*

The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*

PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7- *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*

This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits - regional market issue regarding discount rate*

This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting - disclosure of information 'elsewhere in the interim financial report'*

The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective January 1, 2018

- PFRS 9, *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*. The new standard (renamed as PFRS 9) reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Early application of previous versions of PFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Company did not early adopt PFRS 9.

The Company is currently assessing the impact of adopting this standard.

In addition, the IASB has issued the following new standards that have not yet been adopted locally by the SEC and FRSC.

- International Financial Reporting Standard (IFRS) 15, *Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 by the International Accounting Standards Board (IASB) and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

- **IFRS 16, *Leases***

On January 13, 2016, the IASB issued its new standard, IFRS 16, *Leases*, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related Interpretations.

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15, Revenue from Contracts with Customers. When adopting IFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Company is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

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 non-derivative 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, short-term investments, receivables and due from affiliates.

AFS financial assets

AFS financial assets are those non-derivative financial assets that are designated as such or are not classified in any of the other 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. Included under this category are the Company's quoted and unquoted equity investments.

After initial recognition, quoted AFS financial assets are measured at fair value with gains or losses recognized as a separate component of equity and as OCI until the investment is derecognized or until the investment is determined to be impaired. Unquoted FS financial assets, on the other hand, are carried at cost, net of impairment, until the investment is derecognized. These financial assets are classified as noncurrent assets unless the intention is to dispose such assets within 12 months from balance sheet date.

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, 2016 and Dec. 31, 2015 is as follows:

	2016 Unaudited (6 months)	2015 Audited (1 Year)
Loans and receivables		
Cash in bank and cash equivalents	190,178,040	121,516,730
Receivables:		
Trade	273,263,807	296,171,862
Others	29,632,588	41,730,626
	493,074,435	459,419,218
Due from affiliates	286,354,367	309,347,902
	779,428,802	768,767,120
AFS financial assets	42,419,455	42,419,455
	821,848,257	811,186,575

Credit quality of financial assets

The table below summarized the credit quality of the Company's financial assets as of June 30, 2016:

	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	190,178,040				190,178,040
Receivables (net)					
Trade	53,652,463	130,358,805	66,640,782	22,611,758	273,263,807
Others	4,147,494	10,033,664	9,751,732	5,699,698	29,632,588
Due from affiliates		286,354,367			286,354,367
AFS financial assets		42,419,455			42,419,455
Total	247,977,997	469,166,291	76,392,514	28,311,456	821,848,257

- **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 is 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, 2016 as all bank loans were fully paid as of December 31, 2015.

10. The Company is organized into only one operating division – radio and television broadcasting, which is its primary activity. The Company has seven programming formats, namely: DZRH, Aksyon Radyo, Love Radio, Yes-FM, Easy Rock and Radyo Natin and RHTV which represent about 11%, 5%, 55%, 13%, 12%, 3% and 1% of the total broadcasting fee for the first six months of 2016.
11. The Company plans to earmark P75.0 Million capital expenditure for its various projects, namely: 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, 2016.

JUNE 30, 2016 VS. JUNE 30, 2015

Results of Operations

The Company achieved aggregative net revenue of P671.1 million, during the first six months of 2016, an increase of 56.42% over the P429.0 million registered for the same period in 2015 mainly due to advertisement spending by Political Candidates in line with their election campaign and Sales increase in Client initiative promo activities. Total costs and expenses for the six months amounted to P544.6 million, which increased by 39.28% from P391.0 million last year mainly due to corresponding service fees incurred as a result of higher revenues.

Liquidity and Capital Resources

The total assets increased by 1.72% to P1,301.8 million from 2015 year-end balance of P1,279.7 million. Of the total consolidated resources of P1,301.8 million, P858.9 million was accounted for by stockholders' equity with the balance of P442.9 million in liabilities. The decrease in stockholders' equity was due to the net effect of dividend declaration amounted to P120.7 million and net income amounted to 88.5 million for the six months ended June 30, 2016. The cash dividend of P0.30 per share was declared during the period and had been taken out of the retained earnings of the Corporation reflected in the 2015 audited financial statements. The Company used its current income to finance expansion and operation and paid its maturing obligations.

Key Financial Indicators

	January to June	
	2016	2015
1. Return on sales (ROS)		
Net income	88,534,933	26,619,370
Divide by: Sales	671,056,558	429,022,224
ROS	13.193%	6.205%
2. Earnings Per Share (EPS)		
Net income	88,534,933	26,619,370
Divide by: No. of Shares Outstanding	402,682,990	402,682,990
EPS	0.220	0.066
3. Current Ratio		
Current assets	794,063,602	551,173,807
Divide by: Current liabilities	389,653,162	211,505,903
Current Ratio	2.038	2.606

4. Debt-Equity Ratio		
Total liabilities	442,905,923	261,706,112
Divide by: Total stockholders' equity	858,854,946	792,489,569
Debt-Equity Ratio	0.516	0.330
5. Book Value Per Share		
Total stockholders' equity	858,854,946	792,489,569
Divide by: No. of shares outstanding	402,682,990	402,682,990
Book Value Per Share	2.133	1.968
6. Asset to Equity Ratio		
Total stockholders' equity	858,854,946	792,489,569
Divide by: Total assets	1,301,760,869	1,054,195,681
Asset to Equity Ratio	0.660	0.752
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

- Return on sales increased by 6.988% versus the same 6-month period of previous year. It means that the Company was able to maintain and even improve its good level of operating efficiency.
- EPS increased by P0.154, from P0.066 to P0.220 per share. It is mainly due to the increased reported net income during the period, with the number of shares outstanding remaining constant.
- The current ratio decreased to 2.038:1 from 2.606:1. At this current level, the Company will be capable of meeting its maturing obligations on time.
- The debt-equity ratio increased from 0.330:1 to 0.516:1. At this level, the Company is not highly leveraged and has capacity for increasing its credit lines.
- The book value per share increased to 2.133 from 1.968 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 1.133 the par value per share of P1.00.
- 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 0.660 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 increased by P68.7 million or 56.50% from the last year's balance of P121.5 million. It is mainly due to increased net cash flows generated from operating activities.
2. Receivables- net decreased by P35.0 million or 10.36% mainly due to efficient collection of accounts during the period.
3. Due from affiliates represents the interest-free advances made by the Company to its affiliated companies such as Elizalde Holdings Corporation, Cebu Broadcasting Company, Philippine Broadcasting Company and Pacific Broadcasting System Inc. The decreased of P23.0 million was mainly due to payment made by affiliated companies.
4. Prepaid expenses and other current assets increased from P0.86 to P9.02 million. It is mainly due to uncollected Certificate of Withholding Tax of the clients during the period.
5. Property and equipment - net (at cost) increased from P114.1 million in 2015 to P122.4 million at the end of the 2nd quarter in 2016 or an increase of 7.35%. This is mainly due to the on-going expenditures of the company such as purchase and construction of new FM transmitters, head office extension and improvements.
6. Intangible assets arise from the Company's acquisition of DWRK. The decrease of P5.9 million or 8.7% represents amortization costs during the period.
7. Other noncurrent expenses increased to P8.09 million from P7.20 million mainly due to additional capital goods.
8. Accounts Payable and other accrued expenses increased by P59.7 million or 20.55% mainly due to maximizing the use of credit terms of the supplier without delaying and accruals made by the Company.
9. Dividends payable increased by 97.75% or P8.74 million as a result of dividend declaration during the period.
10. Income tax payable decreased by P10.3 million mainly due to payment made by the Company during the period and the collected Certificate of Withholding Tax.
11. Accrued retirement benefits decreased by P3.9 million or 14.14% mainly due to the contribution payments made to the Company's retirement fund during the period.
12. Retained earnings decreased by P32.1 million or 9.24% mainly due to the declaration of Cash Dividends 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 10.23 percent.

PART II – OTHER INFORMATION

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