

COVER SHEET

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S.E.C. Registration Number

M | A | N | I | L | A | | B | R | O | A | D | C | A | S | T | I | N | G | | C | O | M | P | A | N | Y | | |

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(Company's Full Name)

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

Mr. Eduardo G. Cordova

Contact Person

8832-6149

Company Telephone Number

1 | 2

Month

3 | 1

Day

Fiscal Year

1 | 7 | - | Q

FORM TYPE

| |

Month

| |

Day

Annual Meeting

| | | | | | | | | |

Secondary License Type, If Applicable

| | | |

Dept. Requiring this Doc.

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Amended Articles Number/Section

| | | | | |

Total No. of Stockholders

Total Amount of Borrowings

| | | | | | | |

Domestic

| | | | | | | |

Foreign

Top be accomplished by SEC Personnel concerned

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CASHIER

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 fiscal year ended: **June 30, 2020**
2. SEC Identification Number: **1674**
3. BIR Tax Identification Number: **000-479-027-000**
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. _____ (SEC use only) Industry classification code:
7. Address of principal office / postal code:
MBC Bldg., Vicente Sotto St., CCP Complex, Pasay City, 1307, Philippines
8. Issuer's telephone number, including area code: **(02) 8832-6150**
9. Former address:
No change in address since last report
10. Securities registered pursuant to Section 8 and 12 of the SRC, or Section 4 and 8 of the RSA:

COMMON SHARES	402,682,990
TOTAL LIABILITIES	923,868,738

11. Are any or all of these securities listed on a Stock Exchange:

Yes [] No []

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

PHILIPPINE STOCK EXCHANGE - **Common Shares**

12. Check whether the issuer:

- a. Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA rule 11(a)-1 thereunder, and Section 177 of the Revised Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports.)

Yes [] No []

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

Yes [] No []



**BROADCASTING
COMPANY**

August 13, 2020

PHILIPPINE STOCK EXCHANGE

6th floor, PSE Tower
28th Street corner 5th Avenue
Bonifacio Global City, Taguig City

Attention: Ms. Janet A. Encarnacion
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, 2020.

We trust you will find everything in order.

Very truly yours,

EDUARDO G. CORDOVA
SVP – CFO



August 13, 2020

SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City

Attention: Mr. Vicente Graciano P. Felizmenio, Jr.
Head – Markets and Securities Regulation Department

Gentlemen:

We are submitting herewith the Quarterly Report (SEC Form 17-Q) of Manila Broadcasting Company for the quarter ended June 30, 2020.

We trust you will find everything in order.

Very truly yours,

A handwritten signature in black ink, appearing to read "Eduardo G. Cordova". The signature is fluid and cursive, written over the printed name.

EDUARDO G. CORDOVA
SVP - CFO

MANILA BROADCASTING COMPANY
STATEMENTS OF FINANCIAL POSITION

As of June 30, 2020 and December 31, 2019

	2020 Unaudited (6 Months)	2019 Audited (1 Year)
ASSETS		
Current Assets		
Cash and cash equivalents	164,642,827	244,647,621
Receivables - net	417,240,115	437,705,414
Due from affiliates	119,344,992	11,334,121
Materials and supplies - net	4,638,339	4,600,342
Prepaid expenses and other current assets	6,508,384	7,137,854
Total Current Assets	712,374,657	705,425,352
Noncurrent Assets		
Financial assets at FVOCI	166,274,441	166,274,441
Investment in an Subsidiary	800,000,000	800,000,000
Property and Equipment - net		
At cost	123,762,840	111,359,871
At revalued amount	301,798,400	299,114,400
Pension asset - net	7,686,266	7,686,266
Investment Properties - net	43,162,500	43,162,500
Intangible assets - net	14,768,726	20,676,224
Goodwill	38,016,206	38,016,206
Other Noncurrent Assets	28,843,132	32,154,973
Total Noncurrent Assets	1,524,312,511	1,518,444,881
TOTAL ASSETS	2,236,687,167	2,223,870,233
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term loans	117,000,000	117,000,000
Accounts payable & accrued expenses	336,311,171	316,564,460
Contract liabilities	29,586,688	29,586,688
Dividends payable	7,957,092	8,254,044
Income tax payable	7,825,885	18,722,720
Current portion of long-term debt	66,234,505	66,234,505
Current portion of lease liabilities	5,177,786	5,177,786
Total Current Liabilities	570,093,127	561,540,203
Noncurrent Liabilities		
Long-term debt	216,000,547	249,320,547
Lease liabilities	13,001,758	13,001,758
Accrued separation costs	29,336,305	29,336,305
Deferred income tax liabilities - net	95,437,001	95,437,002
Total Noncurrent Liabilities	353,775,611	387,095,612
Total Liabilities	923,868,738	948,635,815
Equity		
Capital stock	402,803,777	402,803,777
Additional paid-in capital	79,354	79,354
Revaluation increment on land	200,212,744	200,212,744
Reserve for fluctuation in fair value of financial assets at FVOC	126,241,756	126,241,755
Remeasurement gain on accrued retirement benefits	43,398,974	43,398,974
Retained earnings		
Unappropriated	440,202,611	402,618,601
Appropriated	100,000,000	100,000,000
Treasury stock (at cost)	- 120,787	- 120,787
Total Equity	1,312,818,429	1,275,234,418
TOTAL LIABILITIES & EQUITY	2,236,687,167	2,223,870,233

MANILA BROADCASTING COMPANY**STATEMENTS OF COMPREHENSIVE INCOME**

For the Six Months ended June 30, 2020 and 2019

Tentative and Unaudited

	2020 (6 Months)	2019 (6 Months)	2020 (April - June)	2019 (April - June)
REVENUE	333,129,368	542,484,665	129,534,207	274,112,938
COST OF SERVICES	- 177,931,741 -	323,894,793 -	64,661,738 -	168,455,890
GROSS PROFIT	155,197,627	218,589,872	64,872,469	105,657,049
OPERATING EXPENSES	- 95,818,187 -	120,153,890 -	43,822,785 -	61,121,572
OTHER INCOME (EXPENSES)				
Interest expense on loans	- 10,251,186 -	13,466,010 -	8,659,769 -	6,744,416
Rental income	3,761,835	4,119,144	1,789,954	1,980,055
Interest income	752,272	34,983	469,564	16,527
Other income	49,082	1,447,699	25,513	1,345,620
	- 5,687,997 -	7,864,185 -	6,374,738 -	3,402,214
INCOME BEFORE INCOME TAX	53,691,443	90,571,797	14,674,946	41,133,263
PROVISION FOR INCOME TAX	- 16,107,433 -	27,171,539 -	4,402,484 -	12,339,979
NET INCOME	37,584,010	63,400,258	10,272,462	28,793,284
Basic/Diluted Earnings Per Share	0.09	0.16	0.03	0.07

MANILA BROADCASTING COMPANY**STATEMENTS OF CASH FLOWS**

For the Six Months ended June 30, 2020 and 2019

Tentative and Unaudited

	2020		2019
	(6 Months)		(6 Months)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	37,584,010		63,400,258
Adjustment to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	12,583,260		15,890,222
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables	20,465,299		10,983,191
Due from affiliates	- 108,010,871 -		110,123,204
Materials and supplies	- 37,997		458,944
Prepaid expenses and other current assets	629,471		2,563,536
Increase (decrease) in:			
Accounts payable and accrued expenses	19,746,709		43,645,781
Income tax payable	- 10,896,835 -		5,468,279
Net cash provided by operating activities	- 27,936,954		21,350,449
CASH FLOWS FROM INVESTING ACTIVITIES			
Net addition to property, equipment & investment properties	- 21,762,732 -		4,924,860
Other non-current assets	3,311,841 -		1,225,564
Cash used in investing activities	- 18,450,891 -		6,150,424
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends Paid	- 296,952 -		14,319,782
Notes & Mortgage Payable	- 33,320,000 -		12,660,000
Net cash provided by (used in) financing activities	- 33,616,952 -		26,979,782
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	- 80,004,796 -		11,779,757
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	244,647,621		60,436,480
CASH AND CASH EQUIVALENTS AT END OF YEAR	164,642,827		48,656,723

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

For Six Months ended June 30, 2020 and 2019

Tentative and Unaudited

	Capital Stock	Additional Paid-in Capital	Revaluation Increment in Land	Reserve for Fluctuation in Fair Value of Financial Assets at FVOCI	Remeasurement Gain on Accrued Retirement Benefits	Retained Earnings	Treasury Stock	Total
Bal. At December 31, 2019	402,803,777	79,354	200,212,744	126,241,755	43,398,974	502,618,601	(120,787)	1,275,234,418
Net Income Jan - June 2020						37,584,010		37,584,010
Balances at June 30, 2020	402,803,777	79,354	200,212,744	126,241,755	43,398,974	540,202,611	(120,787)	1,312,818,429
Bal. At December 31, 2018	402,803,777	79,354	194,584,814	124,761,158	38,489,660	357,855,923	(120,787)	1,118,453,899
Net Income Jan - June 2019						63,400,258		63,400,258
Balances at June 30, 2019	402,803,777	79,354	194,584,814	124,761,158	38,489,660	421,256,181	(120,787)	1,181,854,157

MANILA BROADCASTING COMPANY**AGING OF ACCOUNTS RECEIVABLE**

For Six Months ended June 30, 2020 and 2019

In Thousands of Pesos

June 30, 2020

	Neither Past Due nor Impaired	Age Analysis of Past Due but not Impaired				Past Due and Impaired	Allowance	TOTAL
		<30 days	31 - 60 days	61 - 90 days	91 - 120 days			
Trade	101,107	46,744	59,749	51,903	38,041	80,992 -	23,032	355,504
Others	30,381	11,836	10,424	4,375	2,006	10,245 -	7,531	61,736
TOTAL	131,488	58,580	70,173	56,278	40,047	91,237 -	30,563	417,240

June 30, 2019

	Neither Past Due nor Impaired	Age Analysis of Past Due but not Impaired				Past Due and Impaired	Allowance	TOTAL
		<30 days	31 - 60 days	61 - 90 days	91 - 120 days			
Trade	111,035	70,853	59,652	20,985	15,963	20,111 -	22,432	276,167
Others	13,109	3,010	5,497	2,375	3,231	39,886 -	7,531	59,577
TOTAL	124,144	73,863	65,149	23,360	19,194	59,997 -	29,963	335,744

PART I – FINANCIAL INFORMATION

1. Organization and Business

a. Corporate Information

Manila Broadcasting Company (the Parent 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 23, 2017, 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, 2021.

The Company is 72%-owned by Elizalde Holdings Corporation (EHC), a Philippine entity, the immediate and ultimate parent company.

2. Summary of Significant Accounting Policies and Disclosures

Basis of Preparation

The consolidated 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 consolidated 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 consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) which includes statements named PFRSs, Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) issued by the Financial Reporting Standards Council.

Changes in Accounting Policies and Disclosures

The Company applied for the first-time certain pronouncements, which are effective for annual periods beginning on or after January 1, 2019. Adoption of these pronouncements did not have a significant impact on the Company's financial position or performance unless otherwise indicated.

❖ PFRS 16, *Leases*

PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4, *Determining whether an Arrangement contains a Lease*, Philippine Interpretation SIC-15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases. Therefore, PFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted PFRS 16 using the modified retrospective approach upon adoption of PFRS 16 in 2019 and elects to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC 4. The Company will therefore not apply the standard to contracts that were not previously identified as containing a lease applying PAS 17 and Philippine Interpretation IFRIC 4.

Leases previously accounted for as operating leases

The Company recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short term leases and leases of low-value assets. The right-of-use assets for most leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

❖ Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes*, and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

Annual Improvements to PFRSs 2015-2017 Cycle

- ❖ Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments are currently not applicable to the Company but may apply to future transactions.

- ❖ Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, OCI or equity according to where the entity originally recognized those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted.

- ❖ Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

Standards Issued but not yet Effective

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*
- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

Effective beginning on or after January 1, 2023

- PFRS 17, *Insurance Contracts*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between Investor and its Associate or Joint Venture*

Significant Accounting Policies

Current versus Noncurrent Classification

The Company presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification. An asset is current when:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

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. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within a period generally established by regulation or convention in the marketplace.

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, notes and mortgage payable, due to affiliates, dividends payable, and 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 Company's principal financial instruments consist of cash. The main purpose of these financial instruments is to fund the Company's operations. The other financial assets and financial liabilities arising directly from its operations are receivables, due to from affiliates, AFS financial assets, accounts payable and accrued expenses, notes and mortgage payable, talent fees, commissions payable and dividends payable.

The Main risk arising from the Company's financial instruments are credit risk, liquidity risk and interest rate risk. The BOD reviews and approves policies for managing each of these risks.

- **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. The Company evaluates the concentration of risk with respect to its receivables as low, as its customers are located in several industries and operate in largely independent markets.

Gross maximum exposure to credit risk

The maximum exposure to credit risk as of June 30, 2020 and Dec. 31, 2019 is as follows:

	2020 Unaudited (6 months)	2019 Audited (1 year)
Loans and receivables		
Cash in bank and cash equivalents	164,642,827	244,647,621
Receivables (net):		
Trade	355,504,053	384,280,214
Others	<u>61,736,062</u>	<u>53,425,200</u>
	581,882,941	682,353,035
Due from affiliates	119,344,992	11,334,121
	<u>701,227,933</u>	<u>693,687,156</u>

Credit quality of financial assets

The table below summarized the credit quality of the Company's financial assets as of June 30, 2020:

	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	164,642,827	-	-	-	164,642,827
Receivables (net)					
Trade	38,177,707	62,300,137	191,695,852	63,330,357	355,504,053
Others	20,113,438	10,165,891	28,102,669	3,354,065	61,736,062
Due from affiliates	-	119,344,992	-	-	119,344,992
TOTAL	222,933,972	191,811,020	219,798,521	66,684,422	701,227,933

- **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**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to changes in interest rates relates primarily to its long-term debt obligations.

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. Bank loans availed as of June 30, 2020 amounted to P469 million.
10. The Company is organized into only one operating division – radio and television broadcasting, which is its primary activity. The Company has eight programming formats, namely: DZRH, Aksyon Radyo, Love Radio, Yes-FM, Easy Rock, Radyo Natin, RHTV and New Media which represent about 14%, 6%, 49%, 13%, 10%, 5%, 1% and 2% of the total broadcasting fee for the first six months of 2020.
11. The Company plans to earmark P50.0 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 consolidated 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. On April 26, 2020 and May 5, 2020, the Company received a sum of P35.0 million in advance from insurance companies.
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. The COVID-19 pandemic had a material impact on the net sales of the Company.
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 consolidated financial statements for the six months ended June 30, 2020.

JUNE 30, 2020 VS. JUNE 30, 2019

Results of Operations

The Company achieved aggregate revenue of P333.1 million during the first six months of 2020, a decrease of 38.59% over the P542.5 million registered for the same period in 2019. Total costs and expenses for the six months amounted to P177.9 million, which decreased by 45.06% from P323.9 million last year.

Liquidity and Capital Resources

The total assets increased to P2.237 billion from 2019 year-end balance of P2.224 billion. Of the total consolidated resources of P2.2 billion, P1.3 billion was accounted for by stockholders' equity with the balance of P923.9 million in liabilities. 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 – June	
	2020	2019
1. Return on Sales (ROS)		
Net income	37,584,010	63,400,258
Divide by: Sales	333,129,368	542,484,665
ROS	11.28%	11.69%
2. Earnings per Share (EPS)		
Net income	37,584,010	63,400,258
Divide by: No. of Shares Outstanding	402,682,990	402,682,990
EPS	0.093	0.157

3. Current Ratio		
Current assets	712,374,657	578,051,504
Divide by: Current liabilities	570,093,127	399,582,576
CURRENT RATIO	1.250	1.447
4. Debt-Equity Ratio		
Total Liabilities	923,868,738	878,696,423
Divide by: Total Stockholders' Equity	1,312,818,429	1,181,854,157
DEBT-EQUITY RATIO	0.704	0.744
5. Asset to Equity Ratio		
Total Stockholders' Equity	1,312,818,429	1,181,854,157
Divide by: Total Assets	2,236,687,167	2,060,550,580
ASSET TO EQUITY RATIO	0.587	0.574

Discussion on Key Performance Indicators

1. Return on sales decreased from 11.69% to 11.28%. It is mainly due to the decrease in sales during the period brought by the covid-19 pandemic.
2. EPS decreased from P0.157 to P0.093 per share. It is mainly due to the decrease in reported net income during the period, with the number of shares outstanding remaining constant.
3. The current ratio decreased to 1.250:1 from 1.447:1 mainly due to the decrease in due from affiliates. At this current level, the Company is still capable of meeting its maturing obligation on time.
4. The debt-equity ratio decreased from 0.744 to 0.704. At this level, the company is not highly leveraged and has capacity for increasing its credit lines.
5. 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 0.587 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 P80.0 million or 32.70% from P244.7 million in 2019 to P164.6 million in 2020.
2. Receivables – net decreased by P20.5 million. The Company normally extends a 60-day credit term to advertising agency and/or advertisers.

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 balance of the 2nd quarter amounted to P119.3 million.
4. Prepaid expenses and other current assets decreased from P7.1 million in 2019 to P6.5 million in 2020. It is mainly due to collected Certificate of Withholding Tax of the clients during the period.
5. Property and Equipment - net at cost increased by P12.4 million mainly due to the increase in purchase of office furniture and equipment.
6. Intangible Asset arose from the Company's acquisition of DWRK. The decrease of P5.9 million represents amortization costs during the period.
7. Accounts payable and accrued expenses increased by P19.8 million or 6.24% mainly due to amount due to various suppliers.
8. Income tax payable decreased by P10.9 million mainly due to the payment of income tax. The year-end balances of P18.7 million were subsequently paid in April 2020.
9. Retained Earnings increased by P37.6 million mainly due to 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 10.23 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.




MANILA
BROADCASTING
COMPANY

SIGNATURE

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:


EDUARDO G. CORDOVA
SVP - CFO

Date: August 13, 2020