COVER SHEET

1	6	7	4

S.E.C. Registration Number

MANILA BROADCASTING COMPANY AND SUBSIDIARIES

(Company's Full Name)

MBC BLDG., VICENTE SOTTO ST. CCP COMPLEX, PASAY CITY 1307 PHILIPPINES

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

Mr. Eduardo G. Cordova	8832-6149
Contact Person	**Company Telephone Number**

12	31	17-Q		
Month	*Day*	*FORM TYPE*	*Month*	*Day*
Fiscal Year			**Annual Meeting**	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

-

LCU

CASHIER

November 15, 2021

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 September 30, 2021.

We trust you will find everything in order.

Very truly yours,

EDUARDO G. CORDOVA
SVP – CFO

November 15, 2021

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City

Attention: Mr. Vicente Graciano P. Felizmenio, Jr.
Director – 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 September 30, 2021.

We trust you will find everything in order.

Very truly yours,

EDUARDO G. CORDOVA
SVP - CFO

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: November 15, 2021

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: **September 30, 2021**

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 AND SUBSIDIARIES

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	1,255,137,239

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 [✔]

MANILA BROADCASTING COMPANY AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

As of September 30, 2021, 2020, and December 31, 2020

Tentative and Unaudited

	2021 Unaudited (9 months)	2020 Unaudited (9 months)	2020 Audited (1 Year)
ASSETS			
Current Assets			
Cash and cash equivalents	106,075,186	143,709,254	330,414,692
Receivables - net	400,977,727	544,380,378	517,388,631
Due from affiliates	544,849,981	285,427,621	237,887,291
Inventories	3,465,968	6,035,765	3,759,432
Materials and supplies - net	4,271,921	4,638,339	4,186,206
Prepaid expenses and other current assets	100,423,909	101,386,472	95,942,721
Total Current Assets	1,160,064,692	1,085,577,829	1,189,578,973
Noncurrent Assets			
Financial assets at FVOCI	245,656,383	166,274,441	245,656,383
Property and Equipment - net			
At cost	959,089,706	881,273,449	941,714,292
At revalued amount	399,135,600	301,798,400	399,135,600
Retirement benefit assets - net	5,306,698	7,686,266	5,306,698
Investment Properties - net	43,162,500	43,162,500	43,162,500
Intangible assets - net	-	11,814,977	8,861,228
Goodwill	38,016,206	38,016,206	38,016,206
Advances to Suppliers	10,806,312	89,828,330	9,673,106
Deferred Tax Assets	19,680,958	6,355,402	20,118,679
Other Noncurrent Assets	33,675,510	30,200,777	30,451,949
Total Noncurrent Assets	1,754,529,873	1,576,410,749	1,742,096,641
TOTAL ASSETS	**2,914,594,566**	**2,661,988,580**	**2,931,675,614**
LIABILITIES & STOCKHOLDERS' EQUITY			
Current Liabilities			
Short-term loans	186,200,000	117,000,000	164,500,000
Accounts payable & accrued expenses	491,173,426	410,321,181	472,721,455
Contract liabilities	57,393,183	21,842,565	37,527,517
Dividends payable	7,957,092	7,957,092	7,957,092
Income tax payable	2,731,486	29,405,007	31,641,081
Current portion of long-term debt	166,319,605	66,234,505	166,319,605
Current portion of lease liabilities	19,738,080	48,755,197	19,738,080
Total Current Liabilities	931,512,873	701,515,547	900,404,830
Noncurrent Liabilities			
Long-term debt	133,740,395	303,500,547	182,999,725
Lease liabilities	29,567,300	13,001,758	37,075,076
Accrued separation cost	24,257,595	24,257,595	24,257,595
Deferred income tax liabilities - net	136,059,076	95,437,001	147,596,310
Total Noncurrent Liabilities	323,624,367	436,196,901	391,928,706
Total Liabilities	1,255,137,239	1,137,712,448	1,292,333,536
Equity			
Capital stock	402,803,777	402,803,777	402,803,777
Additional paid-in capital	79,354	79,354	79,354
Revaluation increment on land	268,348,784	200,212,744	268,348,784
Reserve for fluctuation in fair value of financial assets at FVOC	193,716,408	126,241,756	193,716,406
Remeasurement gain on accrued retirement benefits	44,411,253	43,398,974	44,411,253
Retained earnings			
Unappropriated	389,198,960	479,478,428	359,642,392
Appropriated	200,000,000	100,000,000	200,000,000
Treasury stock (at cost)	(120,787)	(120,787)	(120,787)
	1,498,437,749	1,352,094,246	1,468,881,179
Non-controlling interest	161,019,578	172,181,887	170,460,900
Total Equity	1,659,457,327	1,524,276,132	1,639,342,079
TOTAL LIABILITIES & EQUITY	**2,914,594,566**	**2,661,988,580**	**2,931,675,614**

MANILA BROADCASTING COMPANY AND SUBSIDIARIES

STATEMENTS OF PROFIT / (LOSS)

For the nine months ended September 30, 2021 and 2020

Tentative and Unaudited

	2021 (9 months)	**2020 (9 months)**	2021 (July - September)	2020 (July - September)
REVENUE	**731,875,649**	**620,880,159**	222,484,321	259,238,604
COST OF SERVICES	**(465,372,049)**	**(247,127,319)**	(144,049,964)	(66,510,289)
GROSS PROFIT	**266,503,600**	**373,752,839**	78,434,357	192,728,314
OPERATING EXPENSES	**(222,367,377)**	**(198,827,725)**	(67,566,396)	(75,634,962)
OTHER INCOME (EXPENSES)				
Interest expense on loans	**(9,075,235)**	**(12,008,344)**	1,876,348	(5,430,626)
Rental income	**6,620,260**	**5,828,087**	2,055,670	2,066,251
Interest income	**208,309**	**1,007,453**	4,436	227,903
Other income (expenses)	**666,308**	**(466,565)**	238,422	(212,227)
	(1,580,358)	**(5,639,370)**	4,174,875	(3,348,698)
INCOME BEFORE INCOME TAX	**42,555,865**	**169,285,745**	15,042,837	113,744,654
PROVISION FOR INCOME TAX	**(22,440,619)**	**(53,804,022)**	(7,549,703)	(30,801,053)
NET INCOME	**20,115,246**	**115,481,723**	7,493,133	82,943,600
Basic/Diluted Earnings Per Share	**0.05**	**0.29**	0.02	0.21

MANILA BROADCASTING COMPANY AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

For the nine months ended September 30, 2021 and 2020

Tentative and Unaudited

	2021 (9 months)	2020 (9 months)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	20,115,246	115,481,723
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	19,748,922	18,414,296
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	116,819,216	(102,011,743)
Due from affiliates	(309,152,667)	(145,390,319)
Inventories	293,464	657,987
Materials and supplies	(85,714)	(37,997)
Prepaid expenses and other current assets	(3,277,670)	2,151,843
Advances to suppliers	(1,462,176)	(51,217,398)
Increase (decrease) in:		
Accounts payable and accrued expenses	(26,113,552)	(149,022,305)
Income tax payable	(28,909,596)	10,682,287
Net cash provided by operating activities	**(212,024,525)**	**(300,291,626)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net addition to property, equipment & investment properties	(39,362,625)	159,064,772
Other non-current assets	(4,427,076)	(7,195,058)
Cash used in investing activities	**(43,789,701)**	**151,869,713**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(296,952)
Loans	38,760,275	34,180,000
Lease liabilities	(7,285,555)	(4,269,364)
Net cash provided by (used in) financing activities	**31,474,720**	**29,613,685**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(224,339,506)**	**(118,808,228)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**330,414,692**	**262,517,481**
CASH AND CASH EQUIVALENTS AS OF SEPTEMBER 30, 2021	**106,075,186**	**143,709,254**

MANILA BROADCASTING COMPANY AND SUBSIDIARIES

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

For the nine months ended September 30, 2021 and 2020

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	Non-controlling Interest	Total
Bal. At December 31, 2020	402,803,777	79,354	268,348,784	193,716,406	44,411,253	559,642,392	(120,787)	1,468,881,179	170,460,900	1,639,342,079
Net Income January - September 2021						20,115,246		20,115,246		20,115,246
Balances at September 30, 2021	**402,803,777**	**79,354**	**268,348,784**	**193,716,406**	**44,411,253**	**579,757,638**	**(120,787)**	**1,488,996,426**	**170,460,901**	**1,659,457,327**
Bal. At December 31, 2019	402,803,777	79,354	200,212,744	126,241,755	43,398,974	454,810,636	(120,787)	1,227,426,453	181,367,955	1,408,794,408
Net Income January - September 2020						115,481,723		115,481,723		115,481,723
Balances at September 30, 2020	**402,803,777**	**79,354**	**200,212,744**	**126,241,755**	**43,398,974**	**570,292,359**	**(120,787)**	**1,342,908,177**	**181,367,956**	**1,524,276,132**

MANILA BROADCASTING COMPANY AND SUBSIDIARIES

AGING OF ACCOUNTS RECEIVABLE

For nine months ended September 30, 2021 and 2020

In Thousands of Pesos

September 30, 2021

	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	130,977	78,375	70,354	29,183	17,823	40,312	(32,542)	334,481
Advances to Station	(333)	3,254	(4,683)	573	(4,497)	65,818	(363)	59,769
Others	141	393	(260)	(164)	132	13,655	(7,168)	6,728
TOTAL	**130,785**	**82,022**	**65,410**	**29,591**	**13,458**	**119,785**	**(40,073)**	**400,978**

September 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	227,061	75,828	38,838	17,533	18,150	120,774	(23,032)	475,152
Advances to Station	(2,250)	2,591	5,662	3,305	595	54,774	(363)	64,313
Others	834	119	119	(23)	0	11,033	(7,168)	4,915
TOTAL	**225,645**	**78,538**	**44,619**	**20,815**	**18,745**	**186,581**	**(30,563)**	**544,380**

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 Parent 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.

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

b. Subsidiaries of the Parent Company

Elizalde Hotels and Resorts, Inc. (EHRI) and Feliz Hotel Boracay, Inc. (FHBI)

EHRI was incorporated in the Philippines and registered with the SEC on March 18, 2015. FHBI was incorporated in the Philippines and registered with the SEC on April 23, 2015. EHRI and FHBI are engaged in hotel business. EHRI and FHBI started its commercial operations on January 3, 2019 and July 26, 2019, respectively.

The registered office address of the subsidiaries is MBC Bldg., V. Sotto St., CCP Complex, Roxas Blvd., Pasay City.

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 basis, except for unquoted equity investments, 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).

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards affective as at January 1, 2020. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Company.

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*
- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*
- Amendments to PAS 1, *Presentation of Financial Statements,* and PAS 8, *Accounting Policies, Changing in Accounting Estimates and Errors, Definition of Material*
- Conceptual Framework for Financial Reporting issued on March 29, 2018
- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below:

Effective beginning on or after January 1, 2021
- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

Effective beginning on or after January 1, 2022
- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs 2018-2020 Cycle*
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a First-time Adopter*
  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in Fair Value Measurements*

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- PFRS 17, *Insurance Contracts*

Deferred Effectivity

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

<u>Significant Accounting Policies</u>

<u>Basis of Consolidation</u>
The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries.

Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if and only if the Parent Company has:

- Power over an investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Parent Company has less than a majority of the voting rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- The contractual arrangements with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Parent Company's voting rights and potential voting rights.

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.

The financial statements of subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies. All significant intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognized in assets and liabilities, are eliminated in full on consolidation. Unrealized gains and losses are eliminated.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the non-controlling interest is recognized directly in equity.

If the Parent Company loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Non-controlling Interests

Non-controlling interests is the equity in the subsidiaries not attributable, directly and indirectly, to the Parent Company. These are measured at their proportionate share of the value of net identifiable assets of the subsidiaries. These are presented in the consolidated financial statements within equity, separately from the equity of the owners of the Parent Company. Profit or loss and each component of OCI are attributed to the owners of the Parent Company and to the non-controlling interests. Attribution of total comprehensive income to the non-controlling interests continues even if it results in a deficit balance.

Business Combination Involving Entities under Common Control

Business combinations in which all the combining entities within the Group are ultimately controlled by the same party before and after the business combination and that the control is not transitory ("business combinations under common control") are accounted under pooling of interest method.
The general requirements of pooling of interest method are as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect the fair values, or recognize any new assets or liabilities at the date of the combination. The only adjustments would be to harmonize accounting policies between the combining entities.
- No 'new' goodwill is recognized as a result of the combination.
- Any difference between the consideration transferred and the net asset acquired is reflected within equity.

The Company applied this method prospectively and thus, the financial information for comparative periods and any financial information prior to the business combination are not restated.

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 September 30, 2021 and December 31, 2020 is as follows:

	2021 Unaudited (9 months)	2020 Audited (1 year)
Loans and receivables		
Cash in bank and cash equivalents	106,075,186	330,414,692
Receivables		
Trade	367,023,274	470,049,281
Advances to Stations	60,132,389	73,975,415
Others	13,895,507	13,437,378
Allowance	(40,073,443)	(40,073,443)
Due from affiliates	544,849,981	237,887,291
	1,051,902,894	1,085,690,614

Credit quality of financial assets

The table below summarized the credit quality of the Company's financial assets as of September 30, 2021:

	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	106,075,186	-	-	-	106,075,186
Receivables (net)					
Trade	37,643,068	93,334,183	195,734,471	7,769,434	334,481,155
Advances to Stations	-	(332,849)	(5,353,226)	65,455,045	59,768,970
Others	-	140,649	100,293	6,486,660	6,727,601
Due from affiliates	-	544,849,981	-	-	544,849,981
TOTAL	**143,718,254**	**637,991,964**	**190,481,537**	**79,711,139**	**1,051,902,894**

- **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 September 30, 2021 amounted to P486.3 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%, 50%, 16%, 8%, 4%, 1% and 1% of the total broadcasting fee for the first nine months of 2021.

11. The Company plans to earmark P75.0 Million capital expenditure capital expenditure this year. This will be funded by cash flows from operating activities and proceeds of the insurance claims from the damages incurred due to the fire incident that happened on October 2, 2019.

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 nine months ended September 30, 2021.

SEPTEMBER 30, 2021 VS. SEPTEMBER 30, 2020

Results of Operations

The Company achieved aggregate revenue of P731.9 million during the first nine months of 2021, an increase of 17.9% over the P620.9 million registered for the same period in 2020. Total costs and expenses for the nine months amounted to P465.4 million, which increased by 88.3% from P247.1 million last year.

Liquidity and Capital Resources

The total assets increased to P2.9 billion from 2020 year-end balance of P2.9 billion. Of the total consolidated resources of P3.0 billion, P1.7 billion was accounted for by stockholders' equity with the balance of P1.3 billion 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 – September	
	2021	**2020**
1. Return on Sales (ROS)		
Net income	20,115,246	115,481,723
Divide by: Sales	731,875,649	620,880,159
ROS	**2.75%**	**18.60%**
2. Earnings per Share (EPS)		
Net income	20,115,246	115,481,723

Divide by: No. of Shares Outstanding	402,682,990	402,682,990
EPS	**0.05**	**0.29**
3. Current Ratio		
Current assets	1,160,064,692	1,085,577,829
Divide by: Current liabilities	931,512,873	701,515,547
CURRENT RATIO	**1.25**	**1.55**
4. Debt-Equity Ratio		
Total Liabilities	1,255,137,239	1,137,712,448
Divide by: Total Stockholders' Equity	1,659,457,327	1,524,276,132
DEBT-EQUITY RATIO	**0.76**	**0.75**
5. Asset to Equity Ratio		
Total Stockholders' Equity	1,659,457,327	1,524,276,132
Divide by: Total Assets	2,914,594,566	2,661,988,580
ASSET TO EQUITY RATIO	**0.57**	**0.57**

Discussion on Key Performance Indicators

1. Return on sales decreased from 18.60% to 2.75%. It is mainly due to the decrease in net income during the period.

2. EPS decreased from P0.29 to P0.05 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 1.25:1 from 1.55:1. At this current level, the Company is still capable of meeting its maturing obligation on time.

4. The debt-equity ratio increased from 0.75 to 0.76. 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 0.57 indicates the conservative approach of the company with respect to its financial leveraging.

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

1. Cash and cash equivalents decreased to P106.1 million or 67.9% from 2020 year-end balance of P330.4 million.

2. Receivables – net decreased by P116.4 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, Star Parks Corporation, Cebu Broadcasting Company, Philippine Broadcasting Company and Pacific Broadcasting System, Inc. The balance of the 3rd quarter amounted to P544.9 million.

4. Inventories decreased by 7.8% from 2020 year-end balance of P3.8 million due to the decrease in the purchase of operating supplies.

5. Advances to suppliers increased by P1.1 million or 11.7%.

6. Other non-current assets increased by P3.2 million or 10.6%.

7. Contract liabilities increased to P19.9 million from 2020 year-end balance of P37.5 million.

8. Income tax payable decreased by P28.9 million mainly due to the payment of income tax. The year-end balances of P31.6 million were subsequently paid in April 2021.

9. Bank loans decreased by P27.6 million or 7.9%.

10. Deferred income tax liabilities decreased by P11.5 million or 7.8%.

11. Retained Earnings increased by P29.6 million mainly due to the net effect of 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.