

**SIGNATURE**

For the SEC 17-Q First Quarter 2018 Report

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.

Registrant: ABS-CBN Holdings Corporation

By:

  
\_\_\_\_\_

**SALVADOR G. TIRONA**  
Comptroller

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2018

# COVER SHEET

SEC Registration Number

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Company Name

A	B	S	-	C	B	N		H	O	L	D	I	N	G	S		C	O	R	P	O	R	A	T	I	O	N		

Principal Office (No./Street/Barangay/City/Town/Province)

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E	x	c	h	a	n	g	e		R	o	a	d		C	o	r	n	e	r		M	e	r	a	l	c	o		
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Form Type

1	7	-	Q
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Department requiring the report

S	E	C
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Secondary License Type, If Applicable

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## COMPANY INFORMATION

Company's Email Address

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Company's Telephone Number/s

<b>(632) 631-3111</b>
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Mobile Number

-
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No. of Stockholders

<b>8</b>
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Annual Meeting  
Month/Day

<b>Any Date in May</b>
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Fiscal Year  
Month/Day

<b>December 31</b>
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## CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

<b>Atty. Enrique I. Quiason</b>
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Email Address

<b>equiason@qmbti.com</b>
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Telephone Number/s

<b>(632) 631-0981</b>
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Mobile Number

<b>(63) 917-5270140</b>
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Contact Person's Address

<b>21<sup>st</sup> Floor Robinsons Equitable Tower, 4 ADB Avenue corner Poveda Street, 1605 Ortigas Center, Pasig City</b>
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**Note:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**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 quarter ended: **March 31, 2018**
2. SEC Identification No.: **A1999-04544**
3. BIR Tax Identification No.: **203-420-423**
4. Exact name of the registrant as specified in its charter: **ABS-CBN Holdings Corporation**
5. **Philippines**  
Province, Country or other jurisdiction of Incorporation or organization
6.  (SEC use only)  
Industry Classification code:
7. **4<sup>th</sup> Floor, Benpres Building, Exchange Road corner Meralco Avenue, Pasig City, 1600**  
Address of principal office Postal code
8. **(632) 631-3111**  
Registrant's telephone number, including area code
9. **Not Applicable**  
Former name, former address, and former fiscal year, if changed since last year
10. Securities registered pursuant to Sections 8 and 12 of the Code. Or Sections 4 and 8 of the Revised Securities Act (RSA)

<u>Title of Each Class</u>	<u>Number of Issued and Outstanding Shares</u>
<b>Philippine Depository Receipts (PDR)</b>	<b>324,243,700 shares</b>

11. Are any or all of these securities listed on the Philippine Stock Exchange?

Yes []      No []

12. Check whether the registrant:

- a) has filed all reports to be filed by Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 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 90 days.

Yes []      No []

**ABS-CBN HOLDINGS CORPORATION**  
**QUARTERLY REPORT**

**PART I - FINANCIAL INFORMATION**

1. Management's Discussion and Analysis of Financial Condition and Results of Operations
2. Financial Statements
  - 2.1 Statements of Financial Position
  - 2.2 Statements of Comprehensive Income
  - 2.3 Statements of Changes in Equity
  - 2.4 Statements of Cash Flows
  - 2.5 Notes to Financial Statements

**PART II - OTHER FINANCIAL INFORMATION**

**SIGNATURES**

## PART I: FINANCIAL INFORMATION

### 1. Management’s Discussion and Analysis of Financial Condition and Results of Operations

ABS-CBN Holdings Corporation’s (the Company) primary purpose is investing, purchasing and holding real and personal properties, including but not limited to, shares of stock, bonds, debentures, notes, evidences of indebtedness or other securities or obligations. The Company has not conducted any business other than in connection with the issuance of Philippine Depository Receipts (PDRs), the performance of obligations under the PDRs and the acquisition and holding of shares of ABS-CBN Corporation (ABS-CBN) in respect of PDRs issued.

Any cash dividend or other cash distributions distributed in respect of ABS-CBN shares received by the Company (or the Security Agent on its behalf) shall be applied towards the operating expenses then due of the Company (including but not limited to applicable taxes, fees and maintenance costs charged by the Philippine Stock Exchange shown as “Operating Expenses” in the statements of comprehensive income) for the current and preceding years. Any further amount equal to the Operating Expenses in the preceding year (the “Operating Fund”) shall be set aside to meet operating or other expenses for the succeeding years. Any amount in excess of the aggregate of the Operating Expenses paid and the Operating Fund for such period (referred to as “Interest”) shall be distributed to Holders pro-rata on the day after such cash dividends are received by the Company.

The Company’s key performance indicators are focused on the dividends received by the registrant to meet the PDR holders’ expectation and monitor and maintain the cash’s level to meet its obligations with respect to the Company’s current and preceding year’s operations.

The Company received cash dividends for its investment in ABS-CBN shares and in turn distributed interest to its PDR holders. Details are as follows:

	Cash Dividend	Interest Paid	Interest Paid per Share
March 2018	₱298,580,204	₱287,194,631	₱0.8849
March 2017	₱338,053,976	₱334,185,858	₱1.0281
May 2016	₱246,885,825	₱239,858,214	₱0.7287

The table below summarizes the results of operations for the period ended March 31, 2018.

	Three Months Ended March 31 (Unaudited)		Variance	
	2018	2017	Amount	%
<b>Revenues</b>	<b>₱1,105,760</b>	<b>₱1,311,503</b>	<b>(₱205,743)</b>	<b>(16)</b>
Reimbursement from PDR holders	1,043,907	1,281,533	(237,626)	(19)
Interest income	1,853	29,970	(28,117)	(94)
Exercise fees	60,000	--	60,000	(--)
<b>Operating Expenses</b>	<b>1,105,760</b>	<b>1,311,503</b>	<b>(205,743)</b>	<b>(16)</b>
<b>Net Income</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>-</b>

The Company posted revenues of ₱1,105,760 for the three months ended March 31, 2018 or 16% decrease year-on-year. This is mainly driven by the decrease in “Reimbursement from PDR Holders”. Decrease in revenue is proportionate to the decrease in operating expenses.

Operating expense decreased by 16% mainly due to the decrease in Professional Services.

Unexpired portion of the listing fee is shown as part of “Other Current Assets” in the 2018 balance sheet amounting to ₱958,555.

Cash increased to ₱52,827,071 or 891% from December 31, 2017 mainly due to the cash dividends withheld by the Company which will be applied against operating expenses for the current and preceding years as of March 31, 2018. Meanwhile, the Trade and other payables increased by ₱48,528,659 or 328% from December 31, 2017 due the final withholding taxes pertaining to dividends declared.

## **2. Financial Statements**

The unaudited financial statements for the period ended March 31, 2018 with comparative audited figures for the year ended December 31, 2017 are filed as part of this form. It is prepared in conformity with Philippine Financial Reporting Standards.

**ABS-CBN HOLDINGS CORPORATION**  
**INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2018 AND DECEMBER 31, 2017**

	<b>March 31, 2018</b>	December 31, 2017
	(Unaudited)	(Audited)
<b>ASSETS</b>		
Cash (Notes 5, 12 and 13)	<b>₱52,827,071</b>	₱5,328,086
Other current assets (Notes 6, 12 and 13)	<b>10,503,720</b>	9,474,046
<b>TOTAL ASSETS</b>	<b>₱63,330,791</b>	₱14,802,132
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Trade and other payables (Notes 7, 11, 12 and 13)	<b>₱63,330,791</b>	₱14,802,132
<b>Equity</b>		
Capital stock (Note 8)	<b>10,000</b>	10,000
Additional paid-in capital	<b>23,089,356</b>	23,089,356
Deficit	<b>(23,099,356)</b>	(23,099,356)
Net Equity	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱63,330,791</b>	₱14,802,132

*See accompanying Notes to Financial Statements.*

**ABS-CBN HOLDINGS CORPORATION****INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE INCOME**

(Unaudited)

	For the Quarter Ended March 31		Three Months Ended March 31	
	2018	2017	2018	2017
<b>REVENUE</b>				
Reimbursement from PDR holders (Note 4)	<b>₱1,043,907</b>	₱1,281,533	<b>₱1,043,907</b>	₱1,281,533
Exercise fees (Note 4)	<b>60,000</b>	–	<b>60,000</b>	–
Interest income (Note 5)	<b>1,853</b>	29,970	<b>1,853</b>	29,970
	<b>1,105,760</b>	1,311,503	<b>1,105,760</b>	1,311,503
<b>OPERATING EXPENSES</b> (Notes 4 and 9)	<b>1,105,760</b>	1,311,503	<b>1,105,760</b>	1,311,503
<b>INCOME BEFORE INCOME TAX</b>	–	–	–	–
<b>PROVISION FOR INCOME TAX</b> (Note 10)	–	–	–	–
<b>NET INCOME/TOTAL COMPREHENSIVE INCOME</b>	<b>₱–</b>	<b>₱–</b>	<b>₱–</b>	<b>₱–</b>
<b>Basic/Diluted Earnings Per Share</b> (Note 14)	<b>₱–</b>	<b>₱–</b>	<b>₱–</b>	<b>₱–</b>

*See accompanying Notes to Financial Statements.*



**ABS-CBN HOLDINGS CORPORATION****INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIODS ENDED MARCH 31, 2018 AND 2017**

(Unaudited)

	<b>March 31</b>	
	<b>2018</b>	2017
<b>CAPITAL STOCK</b> (Note 8)	<b>₱10,000</b>	₱10,000
<b>ADDITIONAL PAID-IN CAPITAL</b>	<b>23,089,356</b>	23,089,356
<b>DEFICIT</b>		
Balance at beginning of period	<b>(23,099,356)</b>	(23,099,356)
Total comprehensive income	–	–
Balance at end of period	<b>(23,099,356)</b>	(23,099,356)
	<b>₱–</b>	₱–

*See accompanying Notes to Financial Statements.*

**ABS-CBN HOLDINGS CORPORATION**  
**INTERIM CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017**  
(Unaudited)

	<b>Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	P-	P-
Interest income (Note 5)	<b>(1,853)</b>	(29,970)
Loss before working capital changes	<b>(1,853)</b>	(29,970)
Increase in other current assets	<b>(1,029,674)</b>	(1,198,257)
Increase in trade and other payables	<b>48,528,659</b>	74,277,425
Interest received	<b>1,853</b>	29,970
Net cash flows from operating activities	<b>47,498,985</b>	73,079,168
<b>NET INCREASE IN CASH</b>	<b>47,498,985</b>	73,079,168
<b>CASH AT BEGINNING OF YEAR</b>	<b>5,328,086</b>	12,252,745
<b>CASH AT END OF YEAR (Note 5)</b>	<b>P52,827,071</b>	P85,331,913

*See accompanying Notes to Financial Statements.*

# **ABS-CBN HOLDINGS CORPORATION**

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## **NOTES TO FINANCIAL STATEMENTS**

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### **1. Corporate Information**

ABS-CBN Holdings Corporation (the Company) was incorporated in the Philippines on March 30, 1999 as Worldtech Holdings Corporation, for the primary purpose of investing, purchasing and holding real and personal properties, including but not limited to, shares of stock, bonds, debentures, notes, evidences of indebtedness or other securities or obligations. On September 16, 1999, the Philippine Securities and Exchange Commission (SEC) approved the change of the Company's corporate name to ABS-CBN Holdings Corporation.

The Company has not conducted any business other than in connection with the issuance of Philippine Depository Receipts (PDRs), the performance of obligations under the PDRs and the acquisition and holding of shares of ABS-CBN Corporation (ABS-CBN) in respect of PDRs issued (see Note 4).

The Company is 50%-owned by Lopez, Inc. (Lopez), a Philippine entity, and 50% owned by certain directors and officers of Lopez, Inc.

The registered office address of the Company is 4<sup>th</sup> Floor, Benpres Building, Exchange Road corner Meralco Avenue, Pasig City.

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### **2. Summary of Significant Accounting Policies**

#### Basis of Preparation

The accompanying financial statements have been prepared on a historical cost basis and are presented in Philippine peso, which is the Company's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

#### Statement of Compliance

The accompanying financial statements, which are prepared for submission to the SEC and the Bureau of Internal Revenue (BIR), are prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS includes statements named PFRS and Philippine Accounting Standards (PAS) and Philippine Interpretations based on equivalent interpretations from the International Financial Reporting Interpretations Committee (IFRIC) issued by the Financial Reporting Standards Council.

#### Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's 2017 audited financial statements.

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### **3. Significant Judgments, Estimates and Assumptions**

The Company's financial statements prepared under PFRS require management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and related notes.

In preparing the Company's financial statements, management has made its best judgments, estimates and assumptions of certain amounts, giving due consideration to materiality. The judgments, estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

The Company believes that the following represents a summary of these significant judgments, estimates and assumptions and related impact and associated risks in its financial statements:

*Recognition of Deferred Tax Assets.* The carrying amount of the Company's deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that sufficient future taxable profit will be generated against which all or part of deferred tax assets can be applied.

The deferred tax assets were not recognized on NOLCO amounting to ₱5,759,488 and ₱5,427,760 as of March 31, 2018 and December 31, 2017, respectively.

*Determining Fair Value of Financial Instruments.* PFRS requires that certain financial assets and liabilities be carried at fair value, which requires the use of accounting estimates and judgment. While significant components of fair value measurement are determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates), the timing and amount of changes in fair value would differ with the methodology used. Any change in the fair values of these financial assets and liabilities would directly affect the statements of comprehensive income.

Due to the short-term nature of the Company's financial assets and liabilities, the carrying amounts of these financial assets and liabilities approximate their fair values as of balance sheet date.

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#### 4. **Philippine Depository Receipts (PDR)**

On September 29, 1999, the Company offered 132,000,000 PDRs relating to 132,000,000 ABS-CBN shares. Each PDR was issued for a total consideration of ₱46.00, which consists of a deposit of ₱45.90 and a PDR option price of ₱0.10.

Each PDR grants the holders, upon payment of the exercise price and subject to certain other conditions, the delivery of one ABS-CBN share or the sale of and delivery of the proceeds of such sale of one ABS-CBN share. The Company remains to be the registered owner of the ABS-CBN shares covered by the PDRs. The Company also retains the voting rights over the ABS-CBN shares.

The ABS-CBN shares are still subject to ownership restrictions on shares of corporations engaged in mass media and ABS-CBN may reject the transfer of shares to persons other than Philippine nationals. The PDRs were listed in the Philippine Stock Exchange on October 7, 1999, and it may be exercised at any time from said date. Any cash dividend or other cash distributions distributed in respect of ABS-CBN shares received by the Company (or the Security Agent on its behalf) shall be applied towards the operating expenses then due of the Company (including but not limited to applicable taxes, fees and maintenance costs charged by the Philippine Stock Exchange shown as "Operating Expenses" in the statements of income) for the current and preceding years. Any further amount equal to the Operating Expenses in the preceding year (the "Operating Fund") shall be set aside to meet operating or other expenses for the succeeding years. Any amount in excess of the aggregate of the Operating Expenses paid and the Operating Fund for such period (referred to as "Interest") shall be distributed to Holders pro-rata on the day after such cash dividends are received by the Company.

Upon exercise of the PDRs, an exercise price of ₱0.10 per share is paid by the PDR holders. This exercise price is shown as "Exercise fees" account in the statements of comprehensive income.

Immediately prior to the closing of the PDR offering described above, Lopez, Inc., to which the Company is affiliated, transferred 132,000,000 ABS-CBN shares to the Company in relation to which the PDRs were issued. For as long as the PDRs are not exercised, these shares underlying the PDRs are, and will continue to be registered in the name of and owned by, and all rights pertaining to these shares, including voting rights, shall be exercised by the Company. The obligations of the Company to deliver

the ABS-CBN shares on exercise of the right contained in the PDRs are secured by the Pledge of Shares in favor of the Security Agent acting on behalf of each holder of a PDR over the ABS-CBN shares.

At any time after the initial offering, a shareholder may, at his option and from time to time, deliver shares to the Company in exchange for an equal number of PDRs. The exchanges are based on prevailing traded values of ABS-CBN shares at the time of transaction with the corresponding PDR option price.

The details and movements of PDRs and the underlying ABS-CBN shares follow:

	Number of Shares	Investment in ABS-CBN	PDRs
Balance at December 31, 2016	325,051,900	₱15,102,724,489	₱15,070,219,299
Conversion of PDRs	(1,078,200)	(40,548,772)	(40,440,952)
Exchanges of ABS-CBN shares with PDRs	870,000	37,207,300	37,120,300
Balance at December 31, 2017	324,843,700	15,099,383,017	15,066,898,647
Conversion of PDRs	(600,000)	(20,121,000)	(20,061,000)
Exchanges of ABS-CBN shares with PDRs	–	–	–
<b>Balance at March 31, 2018</b>	<b>324,243,900</b>	<b>₱15,079,262,017</b>	<b>₱15,046,837,647</b>

#### 5. Cash

Cash represents cash in banks which earns interest at their respective bank deposit rates. Interest income earned from cash in banks to ₱1,853 and ₱29,970 for the three months ended March 31, 2018 and 2017, respectively.

#### 6. Other Current Assets

	<b>March 31 2018</b> (Unaudited)	December 31 2017 (Audited)
Prepaid tax	<b>₱10,431,735</b>	₱9,472,961
Other receivables	<b>71,985</b>	1,085
	<b>₱10,503,720</b>	₱9,474,046

Prepaid tax represents overpayment of final withholding taxes on the cash dividends distribution to one of the Company's non-resident foreign PDR Holder in 2017. This will be applied against future tax payments.

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## 7. Trade and Other Payables

	<b>March 31 2018</b>	December 31 2017
	(Unaudited)	(Audited)
Trade:		
PDR holders	<b>₱5,585,920</b>	₱5,364,917
Related parties (see Note 11)	–	155,355
Statutory payables	<b>41,914,900</b>	253
Unearned revenue	<b>11,544,457</b>	5,005,194
Accruals for:		
Maintenance fees	<b>294,091</b>	575,378
Legal and professional fees	<b>101,950</b>	144,156
Web hosting fees	<b>8,400</b>	16,500
Others (see Note 11)	<b>1,463</b>	105,657
Due to a related party	–	3,421,807
Others	<b>3,879,610</b>	12,915
	<b>₱63,330,791</b>	₱14,802,132

Trade payable pertains to payables to PDR holders that are non-interest bearing and are payable on demand.

Unearned revenue represents any cash dividend or other cash distributions distributed in respect of ABS-CBN shares withheld by the Company to be applied against operating expenses for the current and preceding years. It also includes the PDR option price which will be realized upon exercise of the PDR.

Advances from a related party consist of advances from ABS-CBN for working capital requirements and administrative expenses. ABS-CBN is an entity under common control of Lopez. Advances are non-interest bearing and are payable on demand.

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## 8. Equity

Details of authorized and issued common stock as of March 31, 2018 and December 31, 2017 are as follows:

	<b>2017</b>		2016	
	<b>Number of Shares</b>	<b>Amount</b>	Number of Shares	Amount
Authorized - ₱100 par value	<b>1,000</b>	<b>₱100,000</b>	1,000	₱100,000
Subscribed, net of subscriptions receivable of ₱30,000	<b>400</b>	<b>₱10,000</b>	400	₱10,000

The Company was incorporated in the Philippines on March 30, 1999 as “Worldtech Holdings Corporation”. On September 16, 1999, the Philippine Securities and Exchange Commission approved the change in the Company’s corporate name to “ABS-CBN Holdings Corporation”.

Corporate Name	Date of Approval	Authorized Capital Stock	Issue/ Offer Price
Worldtech Holdings Corporation	March 30, 1999	1,000	₱1.00
ABS-CBN Holdings Corporation	September 16, 1999	–	–

The total number of PDR holders, which includes Philippine Central Depository Nominee Corporation as at March 31, 2018 is 126 while as at December 31, 2017, there were 124 PDR holders.

## 9. Operating Expenses

	March 2018 (Unaudited)	March 2017 (Unaudited)
Outside services	<b>₱668,983</b>	₱592,199
Listing fees	<b>340,282</b>	406,129
Professional services	<b>8,496</b>	241,655
General services (Note 11)	<b>81,313</b>	66,581
Taxes and Licenses	--	467
Others	<b>6,686</b>	4,472
	<b>₱1,105,760</b>	₱1,311,503

## 10. Income Tax

The deferred tax assets on NOLCO amounting to ₱5,759,488 and ₱5,427,760 as of March 31, 2018 and December 31, 2017, respectively, were not recognized because management believes that the corresponding benefits will not be realized in the future.

As of March 31, 2018, NOLCO that can be applied as deductions from future taxable income follows:

Dates Incurred	Expiry Dates	Amounts
December 31, 2015	December 31, 2018	7,243,075
December 31, 2016	December 31, 2019	5,924,622
December 31, 2017	December 31, 2020	4,924,839
March 31, 2018	March 31, 2021	1,105,760
		<b>₱19,198,293</b>

NOLCO amounting to ₱6,856,752 expired in 2017.

The reconciliation between the provision for income tax computed at statutory rate of 30% for March 31, 2018 and 2017 and provision for income tax as shown in the statements of comprehensive income is as follows:

	2018	2017
Income tax computed at statutory tax rate	<b>₱–</b>	₱–
Income tax effects of:		
Reimbursements from PDR holders	<b>(313,172)</b>	(384,460)
Change in value of unrecognized deferred tax asset	<b>295,728</b>	393,451
Exercise fees	<b>18,000</b>	--
Interest income already subjected to final tax	<b>(556)</b>	(8,991)
	<b>₱–</b>	₱–

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## 11. Related Party Transactions and Disclosures

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

Significant transactions of the company with its related parties are as follows:

	Nature	Terms and Conditions	For the periods ended March 31	
			2018	2017
Service fees for accounting services rendered by ABS-CBN Shared Service Center PTE. Ltd. – Regional Operating Headquarters*	General services (see Note 9)	30-days upon receipt of billings; non-interest bearing	<b>₱81,313</b>	₱66,581

\*Entities under common control of Lopez.

The management functions of the Company are being performed by executives of ABS-CBN, a related party. Fees paid to these management personnel are recognized in “Others” under the “Operating expenses” account in the statements of comprehensive income.

Payables to related parties, presented under “Trade and other payables” account in the statements of financial position are as follows:

Related Party	Terms and Conditions	March 31, 2018	December 31, 2017
<b>Trade and other payables</b>			
ABS-CBN Shared Services Regional Operating Headquarters*	Unsecured; 30 days upon receipt of billings; noninterest-bearing	₱–	₱155,355
<b>Due to a related party</b>			
ABS-CBN*	Unsecured; 30 days upon receipt of billings; noninterest-bearing	–	3,421,807
<b>Others</b>			
Directors’ fee	Unsecured; 30 days upon receipt of billings; noninterest-bearing	–	82,353

\* Entities under control of Lopez Inc.

### Terms and Conditions of Transactions with Related Parties

Outstanding balances as of year-end are unsecured, non-interest bearing, payable on demand and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

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## 12. Financial Risk Management Objectives and Policies

The Company’s principal financial instruments comprise cash which are used to finance the Company’s operations. Other financial assets consist of receivables. The Company’s financial liabilities are trade and other payables which arise directly from its operations.

It is, and has been throughout the year under review, the Company’s policy that no trading in financial instruments shall be undertaken.



The main risks arising from the Company's financial instruments are credit risk and liquidity risk. The BOD reviews and approves the policies for managing each of these risks and these are summarized below.

#### Credit Risk

There are no significant concentrations of credit risks within the Company. Credit risk arises from default of the counterparty.

The maximum exposure to credit risk for cash and receivables presented in the table below is equivalent to their carrying amounts in the statements of financial position.

	<b>March 31, 2018</b>	December 31, 2017
	(Unaudited)	(Audited)
Cash	<b>₱52,827,071</b>	₱5,328,086
Other receivables	<b>71,985</b>	1,085
	<b>₱52,899,056</b>	₱5,329,171

As of March 31, 2018 and December 31, 2017, the Company's financial assets are neither past due nor impaired and are considered to be of high quality since these are deposits or placements to counterparties with good credit rating or bank standing.

#### Liquidity Risk

The Company's liquidity risk arises from its financial liabilities. Liquidity risk on financial liabilities is minimal since funding comes from dividends from ABS-CBN.

The Company's trade and other payables, excluding statutory payables, amounted to ₱21,415,891 as of March 31, 2017 and ₱14,801,879 as of December 31, 2017 are classified as current and are payable on demand.

#### Capital Risk Management

As discussed in Note 1, the Company has not conducted any business other than in connection with the issuance of PDRs, the performance of obligations under the PDRs and the acquisition and holding of shares of ABS-CBN in respect of PDRs issued. Capital includes capital stock, additional paid-in capital and deficit. The Company adopts a prudent approach on capital management to ensure that it maintains its net assets.

Dividends received from ABS-CBN, exercise fees and the related interests are distributed to PDR holders less operating expenses incurred. Any excess over the interest distribution to PDR holders and actual operating expenses is deferred and amortized when applied to the actual operating expenses of the succeeding years. On the other hand, if the balance of the unearned revenue, exercise fees and the interest income earned during the year is not enough to cover the actual operating expenses for the year, the expenses are reimbursed from the PDR holders.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders. No changes were made in the objectives, policies or processes during the periods ended March 31, 2018 and December 31, 2017. The Company is not subject to any externally imposed capital requirement.

As of March 31, 2018 and December 31, 2017, the Company has a total capital of ₱23,099,356 and a deficit of the same amount.

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### 13. Fair Value of Financial Instruments

The Company's principal financial instruments consist of cash, trade payable and accrued expenses.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

#### Loans and Receivables

*Cash* Due to the short-term nature of transactions, the fair values approximate the carrying amounts as at reporting date.

#### Other Financial Liabilities

*Trade Payable and Accrued Expenses.* Due to the short-term nature of transactions, the fair values approximate the carrying amounts as at reporting date.

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### 14. Earnings Per Share

	<b>2018</b>	2017
Net income	<b>P-</b>	<b>P-</b>
Divided by weighted average share outstanding	<b>400</b>	400
Basic/diluted earnings per share	<b>P-</b>	<b>P-</b>

The Company has no dilutive potential common shares outstanding. Therefore, basic EPS is the same as diluted EPS.

## **PART II: OTHER INFORMATION**

The Company has no other information that needs to be disclose other than disclosures made under SEC Form 17-C, if any.