



111122015000649



# SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

### Barcode Page

The following document has been received:

Receiving Officer/Encoder : Jojit Licudine  
Receiving Branch : SEC Head Office  
Receipt Date and Time : November 12, 2015 12:26:04 PM  
Received From : Head Office

### Company Representative

---

Doc Source

### Company Information

---

SEC Registration No. A199904544  
Company Name ABS-CBN HOLDINGS CORP.  
Industry Classification  
Company Type Stock Corporation

### Document Information

---

Document ID 111122015000649  
Document Type 17-Q (FORM 11-Q: QUARTERLY REPORT/FS)  
Document Code 17-Q  
Period Covered September 30, 2015  
No. of Days Late 0  
Department CFD  
Remarks

# COVER SHEET

SEC Registration Number

A	1	9	9	9	0	4	5	4	4
---	---	---	---	---	---	---	---	---	---

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)

4	t	h		F	l	o	o	r	,		B	e	n	p	r	e	s		B	u	i	l	d	i	n	g	,		
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		
A	v	e	n	u	e	,		P	a	s	i	g		C	i	t	y												

Form Type

I	7	-	Q
---	---	---	---

Department requiring the report

S	E	C
---	---	---

Secondary License Type, If Applicable

--	--	--	--

### COMPANY INFORMATION

Company's Email Address

-
---

Company's Telephone Number/s

(632) 631-3111
----------------

Mobile Number

-
---

No. of Stockholders

8
---

Annual Meeting  
Month/Day

Any Date in May
-----------------

Fiscal Year  
Month/Day

December 31
-------------

### CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Atty. Enrique I. Quiason
--------------------------

Email Address

equiason@qmbti.com
--------------------

Telephone Number/s

(632) 631-0981
----------------

Mobile Number

(63) 917-5270140
------------------

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>
--

**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: September 30, 2015
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>
<u>Philippine Depositary Receipts (PDR)</u>	329,601,100 shares

Amount of Debt Outstanding: None

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 []

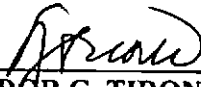
**SIGNATURES**

For the SEC 17-Q Third Quarter 2015 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 \_\_\_\_\_, 2015

**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 Interim Condensed Statements of Financial Position
  - 2.2 Interim Condensed Statements of Comprehensive Income
  - 2.3 Interim Condensed Statements of Changes in Equity
  - 2.4 Interim Condensed Statements of Cash Flows
  - 2.5 Notes to Interim Condensed 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 and cash equivalents' 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
April 2015	₱197,880,660	₱196,600,944	₱0.5961
May 2014	₱194,886,420	₱188,792,503	₱0.5812

The table below summarizes the results of operations for the nine months ended September 30, 2015 and 2014.

	Nine Months Ended September 30 (Unaudited)		Variance	
	2015	2014	Amount	%
<b>Revenues</b>	<b>₱4,206,120</b>	<b>₱4,621,269</b>	<b>(415,149)</b>	<b>(9)</b>
Reimbursement from PDR holders	4,103,366	4,412,266	(308,900)	(7)
Interest income	82,754	88,343	(5,589)	(6)
Exercise fees	20,000	120,660	(100,660)	(83)
<b>Operating Expenses</b>	<b>4,206,120</b>	<b>4,621,269</b>	<b>(415,149)</b>	<b>(9)</b>
<b>Net Income</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>-</b>

The Company posted revenues of ₱4,206,120 for the nine months ended September 30, 2015 or 9% decrease year-on-year. This is mainly driven by the decrease in "Reimbursements from PDR holders". Decrease in revenue is proportionate to the decrease in operating expenses.

On operating expenses, listing fee decreased by 48% as a result additional PDRs in prior year to cover the private placement transaction with Mercury Media Holdings, Finance I, LTD.

Unexpired portion of the listing fee is shown as part of "Other current assets" account in the 2015 balance sheet amounting to ₱428,664.

Cash and cash equivalents decreased to ₱14,063,555 million or 18% from December 31, 2014 mainly due to the distribution of cash dividends during the year. This also caused Trade and other payables to decrease by ₱2,652,106 million or 15% from December 31, 2014. Increase in other current assets pertains to the unexpired portion of the listing fee.

## **2. Financial Statements**

The interim condensed financial statements for the nine months ended September 30, 2015 with comparative audited figures for the year ended December 31, 2014 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**

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
<b>ASSETS</b>		
Cash and cash equivalents (Notes 5, 12 and 13)	P14,063,355	P17,147,555
Other current assets (Notes 6, 12 and 13)	461,368	29,274
<b>TOTAL ASSETS</b>	<b>P14,524,723</b>	<b>P17,176,829</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Trade and other payables (Notes 7, 11, 12 and 13)	P14,524,723	P17,176,829
<b>Equity</b>		
Capital stock (Note 8)	10,000	10,000
Additional paid-in capital	23,089,356	23,089,356
Deficit	(23,099,356)	(23,099,356)
Net Equity	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P14,524,723</b>	<b>P17,176,829</b>

*See accompanying Notes to Interim Condensed Financial Statements.*

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

	For the 3rd Quarter Ended		For the Nine Months Ended	
	September 30		September 30	
	2015	2014	2015	2014
<b>REVENUE</b>				
Reimbursement from PDR holders (Note 4)	₱1,351,591	₱2,075,028	₱4,103,366	₱4,412,266
Interest income (Note 5)	26,760	29,515	82,754	88,343
Exercise fees (Note 4)	20,000	—	20,000	120,660
	<b>1,398,351</b>	<b>2,104,543</b>	<b>4,206,120</b>	<b>4,621,269</b>
<b>OPERATING EXPENSES</b> (Notes 4 and 9)	<b>1,398,351</b>	<b>2,104,543</b>	<b>4,206,120</b>	<b>4,621,269</b>
<b>INCOME BEFORE INCOME TAX</b>	—	—	—	—
<b>PROVISION FOR INCOME TAX</b> (Note 10)	—	—	—	—
<b>NET INCOME</b>	—	—	—	—
<b>OTHER COMPREHENSIVE INCOME</b>	—	—	—	—
<b>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 Interim Condensed Financial Statements.*

**ABS-CBN HOLDINGS CORPORATION****INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY****FOR THE PERIODS ENDED SEPTEMBER 30, 2015 AND 2014****(Unaudited)**

	<b>2015</b>	<b>2014</b>
<b>CAPITAL STOCK (Note 8)</b>	<b>₱10,000</b>	<b>₱10,000</b>
<b>ADDITIONAL PAID-IN CAPITAL</b>	<b>23,089,356</b>	<b>23,089,356</b>
<b>DEFICIT</b>		
Balance at beginning of period	<b>(23,099,356)</b>	<b>(23,099,356)</b>
Total Comprehensive Income	<b>-</b>	<b>-</b>
Balance at end of period	<b>(23,099,356)</b>	<b>(23,099,356)</b>
	<b>₱-</b>	<b>₱-</b>

*See accompanying Notes to Interim Condensed Financial Statements.*

**ABS-CBN HOLDINGS CORPORATION**  
**INTERIM CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014**  
(Unaudited)

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	P-	P-
Interest income (Note 5)	(82,754)	(88,343)
Loss before working capital changes	(82,754)	(88,343)
Increase (decrease) in trade and other payables	(2,652,106)	1,825,957
Increase in other assets	(432,094)	(1,290,290)
Interest received	82,754	88,343
Net cash provided by (used in) operating activities	(3,084,200)	535,667
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(3,084,200)</b>	<b>535,667</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>17,147,555</b>	<b>17,558,192</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)</b>	<b>P14,063,355</b>	<b>P18,093,859</b>

*See accompanying Notes to Interim Condensed Financial Statements.*

## **ABS-CBN HOLDINGS CORPORATION**

### **NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

---

#### **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.

---

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

##### Basis of Preparation

The accompanying interim condensed 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 interim condensed financial statements, which are prepared for submission to the SEC, 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 issued by the Financial Reporting Standards Council.

##### Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's 2014 audited financial statements.

---

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

The Company's interim condensed financial statements prepared under PFRS require management to make judgments, estimates and assumptions that affect the amounts reported in the interim condensed financial statements and related notes. In preparing the Company's interim condensed 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 interim condensed financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the interim condensed 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 interim condensed financial statements:

*Recognition of Deferred Tax Assets.* The carrying amount of the Company's deferred tax assets is reviewed at each financial reporting 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 on NOLCO amounting to ₱5,886,317 and ₱4,624,481 as of September 30, 2015 and December 31, 2014, respectively, were not recognized by the Company (see Note 10).

*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 financial reporting date.

---

#### 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 (PSE) 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 PSE shown as "Operating Expenses" in the interim condensed 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.

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, 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, 2013	326,017,300	₱15,162,713,704	₱15,130,111,974
Conversion of PDRs	(1,206,600)	(34,827,630)	(34,706,970)
Exchanges of ABS-CBN shares with PDRs	4,472,400	178,114,545	177,667,305
Balance at December 31, 2014	329,283,100	15,306,000,619	15,273,072,309
Conversion of PDRs	(200,000)	(12,000,000)	(11,980,000)
Exchanges of ABS-CBN shares with PDRs	518,000	33,423,000	33,371,200
Balance at September 30, 2015	<b>329,601,100</b>	<b>₱15,327,423,619</b>	<b>₱15,294,463,509</b>

#### 5. Cash and Cash Equivalents

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Cash in banks	₱4,314,304	₱7,469,674
Cash equivalents	9,749,051	9,677,881
	<b>₱14,063,355</b>	<b>₱17,147,555</b>

Cash in bank earns interest at the respective bank deposit rates. Cash equivalents are short-term investments which are made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn interest at the respective short-term investment rates.

Interest income earned from cash and cash equivalents amounted to ₱82,754 and ₱88,343 for the nine months ended September 30, 2015 and 2014, respectively.

---

**6. Other Current Assets**

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Prepayments	P436,322	P-
Other receivables	25,046	29,274
	<b>P461,368</b>	<b>P29,274</b>

Prepayments pertain to the unexpired portion of the listing fee and stock quote webpage subscription.

---

**7. Trade and Other Payables**

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Trade:		
PDR holders	P5,935,395	P5,580,377
Related parties (see Note 11)	-	100,800
Unearned revenue	7,939,939	10,216,396
Accruals for:		
Maintenance fees	549,723	390,039
Legal and professional fees	90,750	234,619
Taxes	-	649,216
Others	8,916	5,382
	<b>P14,524,723</b>	<b>P17,176,829</b>

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.

Accrued expenses include accruals for professional and general service fees.

---

**8. Equity**

Details of authorized and issued common stock as of September 30, 2015 and December 31, 2014 are as follows:

	2015		2014	
	Number of Shares	Amount	Number of Shares	Amount
Authorized - P100 par value	1,000	P100,000	1,000	P100,000



	2015		2014	
	Number of Shares	Amount	Number of Shares	Amount
Subscribed, net of subscriptions receivable of ₱30,000	400	₱10,000	400	₱10,000

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, is 132 and 138, as at September 30, 2015 and December 31, 2014, respectively.

## 9. Operating Expenses

	Nine Months Ended September 30 (Unaudited)	
	2015	2014
Outside services	₱2,131,922	₱1,328,918
Listing fees	1,286,492	2,470,869
General services (see Note 11)	453,600	453,600
Professional services	310,552	332,377
Taxes and Licenses	12,894	19,237
Others	10,660	16,268
	₱4,206,120	₱4,621,269

## 10. Income Tax

The deferred tax assets on NOLCO amounting to ₱5,886,317 and ₱4,624,481 as of September 30, 2015 and December 31, 2014, respectively, were not recognized because management believes that the corresponding benefits will not be realized in the future.

As of September 30, 2015, NOLCO that can be applied as deductions from future taxable income follows:

Dates Incurred	Expiry Dates	Amounts
December 31, 2012	December 31, 2015	₱3,546,799
December 31, 2013	December 31, 2016	5,011,387
December 31, 2014	December 31, 2017	6,856,752
September 30, 2015	December 31, 2018	4,206,120
		₱19,621,058

NOLCO amounting to ₱4,052,984 expired in 2014.

The reconciliation between the provision for income tax computed at statutory rate of 30% for the nine months ended September 30, 2015 and 2014 and provision for income tax as shown in the interim condensed statements of comprehensive income is as follows:

	Nine Months Ended September 30 (Unaudited)	
	2015	2014
Income tax computed at statutory tax rate	P-	P-
Income tax effects of:		
Reimbursements from PDR holders	(1,231,010)	(1,323,680)
Change in value of unrecognized deferred tax asset	1,261,836	1,350,183
Interest income already subjected to final tax	(24,826)	(26,503)
Exercise fees	(6,000)	-
	P-	P-

## 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	Nine Months Ended September 30	
			2015	2014
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	P453,600	P453,600

\*Entities under common control of Lopez.

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

Related Party	Terms and Conditions	September 30, 2015	December 31, 2014
		(Unaudited)	(Audited)
<b>Trade and other payables</b>			
ABS-CBN Shared Service Center PTE. Ltd. – Regional Operating Headquarters*	Unsecured; 30-days upon receipt of billings; non-interest bearing	P-	P100,800

\*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 “Other expense” under the “Operating expenses” account in the statements of comprehensive income.

### 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.

---

## 12. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and cash equivalents which are used to finance the Company's operations. Other financial liabilities of the Company 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 Board of Directors 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 cash equivalents and receivables presented in the table below is equivalent to their carrying amounts in the statements of financial position.

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Cash and cash equivalents	P14,063,355	P17,147,555
Other receivables	25,046	29,274
	<b>P14,088,401</b>	<b>P17,176,829</b>

As of September 30, 2015 and December 31, 2014, 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 payables and accrued expenses (excluding statutory liabilities amounting to P8,916 and P5,382 as of September 30, 2015 and December 31, 2014, respectively) amounted to P6,575,868 and P6,955,051 as of September 30, 2015 and December 31, 2014, respectively, 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 September 30, 2015 and December 31, 2014. The Company is not subject to any externally imposed capital requirement.

As of September 30, 2015 and December 31, 2014, the Company has a total capital of ₱23,099,356 and a deficit of the same amount.

### 13. Financial Assets and Liabilities

The Company's principal financial instruments consist of cash and cash equivalents, 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 and Cash Equivalents.* 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.

### 14. Earnings Per Share

	Nine Months Ended September 30 (Unaudited)	
	2015	2014
Net income	₱-	₱-
Divided by weighted average share outstanding	400	400
Basic/diluted earnings per share	₱-	₱-

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.