# COVER SHEET

15923
S.E.C. Registration Number

MANILA BULLETIN
PUBLISHING CORPORATION

(Company's Full Name )

MURALLA CORNER RECOLETOS STREETS
INTRAMUROS, MANILA

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

| ELIZABETH T. MORALES | 527 - 8121 |
|---|---|
| Contact Person | Company Telephone Number |

| 1 2 3 1 | DEFINITIVE 20-IS | 0 7 1 2 |
|---|---|---|
| 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

File Number

LCU

Document I.D.

Cashier

**STAMPS**

MANILA BULLETIN
PUBLISHING CORPORATION

TEL (+632) 527-8121 FAX 527-7510
ADVERTISING 527-7524 FAX 527-7533
CIRCULATION 527-7522 FAX 527-7526
WWW.MB.COM.PH

P.O. BOX 769
MANILA BULLETIN BUILDING
MURALLA COR. RECOLETOS STS.
INTRAMUROS, MANILA, PHILIPPINES

# NOTICE OF ANNUAL STOCKHOLDERS' MEETING

**TO: ALL STOCKHOLDERS**

Please be advised that the annual meeting of the stockholders of the Manila Bulletin Publishing Corporation will be held at the Quezon Hall, 2nd Floor, Philippine Columbian Association, Plaza Dilao, Paco, Manila, on Thursday, July 12, 2018, at 10:00 A.M.

For the purpose of the meeting, only stockholders of record as of June 28, 2018 are entitled to attend and vote in the same meeting.

In the event that you are unable to attend the meeting in person, please accomplish the herein proxy. Management is not asking you for a proxy and you are requested not to send a proxy. For validation, however, please return the same using the self-addressed stamped envelope directly to the Office of the Corporate Secretary at the above-mentioned address or by your authorized representative not less than five (5) days before the date of the meeting.

Your kind presence will be highly appreciated.

Manila, May 30, 2018.

By Order of the Board of Directors

Atty. Dylan I. Felicidario
Corporate Secretary

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# ANNUAL STOCKHOLDERS' MEETING MANILA BULLETIN PUBLISHING CORPORATION ON THURSDAY, JULY 12, 2018, AT 10:00 A.M. AT THE QUEZON HALL, 2nd FLOOR, PHILIPPINE COLUMBIAN ASSOCIATION PLAZA DILAO, PACO, MANILA

## AGENDA

1. National Anthem.
2. Call to Order.
3. Proof of notice and certification of quorum.
4. Reading and approval of the Minutes of the Annual Stockholders' Meeting held on July 13, 2017.
5. Report of the President for the year 2017.
6. Ratification of all acts, resolutions and transactions of the Board of Directors and the Management for the year 2017.
7. Appointment of External Auditors.
8. Election of Board of Directors for 2018-2019.
9. Other Matters.
10. Adjournment.

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# MANILA BULLETIN PUBLISHING CORPORATION

## PROXY

I/WE, ______________________________________________ a registered stockholder of the Manila Bulletin Publishing Corporation, hereby make, constitute and appoint ______________________________ my/our true and lawful attorney and proxy with full power of substitution and revocation, for me/us and in my/our name, place and stead, to attend and represent me/us at all the meetings of the stockholders of the Manila Bulletin Publishing Corporation and all adjournments thereof, and thereat to vote upon all stocks owned by me/us in all matters and for the transaction of any and all business that may come before said meeting as fully and with like effects as I/we could if personally present and voting, hereby ratifying and confirming all that my/our said attorney may do or cause to be done in the premises.

This proxy shall continue in full force and effect for a period of one (1) year from the date thereof unless sooner revoked or terminated by me/us in writing.

IN WITNESS WHEREOF, I/we have hereunto signed this instrument at ______________, this ___ day of __________ 2018.

______________________________

SIGNED IN THE PRESENCE OF:

______________________________

# MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF THE MANILA BULLETIN PUBLISHING CORPORATION HELD AT THE QUEZON HALL, 2nd FLOOR PHILIPPINE COLUMBIAN ASSOCIATION, PLAZA DILAO, MANILA ON JULY 13, 2017

After the national anthem, Mr. Basilio C. Yap, Chairman of the Annual Meeting of the Stockholders, called the meeting to order at 10:00 a.m. Atty. Dylan I. Felicidario, Assistant Corporate Secretary, introduced the officers and the incumbent directors of the Corporation.

There being a quorum, Mr. Basilio C. Yap convened the meeting and presided thereat. Atty. Francis Y. Gaw, Corporate Secretary, recorded the minutes of the proceedings.

On motion duly moved and seconded, the reading of the Minutes of the Annual Stockholders' Meeting held on July 14, 2016 was dispensed with and the same was approved.

Since the stockholders have been furnished with copies of the Annual Report for the year 2016, it was moved and seconded that the reading thereof be dispensed with and the report approved by the stockholders.

Likewise, all the acts, resolutions and transactions of the Board of Directors and the Management for the year 2016 were approved, ratified and confirmed.

The engagement and re-appointment of Mangay-Ayam, Lim & Co., with SEC Accreditation No. 0302-F, as External Auditor for the year ended December 31, 2016 and as External Auditor for 2017, upon the recommendation of the Audit Committee headed by Atty. Hermogenes P. Pobre, was approved.

The ten (10) members of the Board of Directors, which the Nomination Committee approved for nomination, were unanimously elected by all stockholders present or represented in the meeting. The following therefore, are the duly elected Directors of the Corporation for the ensuing year 2017-2018 to hold office until after their successors are duly elected and qualified in accordance with the by-laws, namely:

1. Mr. Basilio C. Yap
2. Dr. Emilio C. Yap III
3. Atty. Hermogenes P. Pobre
4. Atty. Francis Y. Gaw

5. Mr. Benjamin C. Yap
6. Dr. Enrique Y. Yap, Jr.
7. Dr. Crispulo J. Icban, Jr.

and as Independent Directors:

8. Chief Justice Hilario G. Davide, Jr.
9. Sec. Alberto G. Romulo
10. Mrs. Maria Georgina Perez-de Venecia

From the floor, various suggestions were made for the continuing improvement of operations of the Corporation, which were noted by the Management and taken under advisement.

There being no other business to transact, the meeting was on motion duly moved and seconded, adjourned.

Manila, July 13, 2017.

CERTIFIED TRUE AND CORRECT

Atty. Dylan I. Felicidario
Assistant Corporate Secretary

**SECURITIES AND EXCHANGE COMMISSION**
**SEC FORM 20 – IS**

Information Statement Pursuant to Section 20 of the Securities Regulation Code

1. Check the appropriate box :

   ________________ Preliminary Information Statement
   ____/____ Definitive Information Statement

2. Name of the Registrant as specified in its charter
   **MANILA BULLETIN PUBLISHING CORPORATION**

3. Province, country or other jurisdiction of incorporation or organization
   **PHILIPPINES**

4. SEC Identification Code
   **15923**

5. BIR Identification Code
   **000-746-558**

6. Address of Principal Office
   **Manila Bulletin Building, Muralla corner Recoletos Sts., Intramuros, Manila** Postal Code – **1002**

7. Registrant's Telephone Number
   **(02) 527-8121**

8. Date, time and place of meeting of security holders
   **12 July, 2018 at 10:00 A.M.**
   **at the Quezon Hall, Philippine Columbian Association**
   **Plaza Dilao, Paco, Manila**

9. Approximate date on which the Information Statement is first to be sent or given to security holders
   **14 June, 2018**

10. ***In case of Proxy Solicitations***:

    ***Name of Person Filing the Statement/Solicitor:*** **N.A.**
    ***Address and Telephone No. :*** **N.A.**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA

| Title of Each Class | Number of Shares Outstanding |
|---|---|
| **Common Stock** | **3,466,139,072 shares** |

12. Are any or all of registrant's securities listed on a Stock Exchange?
    ___/___ Yes
    ________ No

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
**Philippine Stock Exchange – Common Stock**

## PART I

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security

Date: 12 July, 2018
Time: 10:00 A.M.
Place: Quezon Hall, Philippine Columbian Association
Plaza Dilao, Paco, Manila

The complete mailing address of the Registrant is as follows:

MANILA BULLETIN PUBLISHING CORPORATION
Manila Bulletin Building, Muralla corner Recoletos Streets
Intramuros, Manila

Approximate date on which the information statement will be distributed to the stockholders**:**

June 14, 2018

**WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY**

Item 2. Dissenter's Right of Appraisal

Any dissenting stockholder may exercise his right of appraisal pursuant to Title X of the Corporation Code of the Philippines.

Title X of the Corporation Code of the Philippines allows a stockholder to exercise his right to dissent and demand payment of the fair value of his shares in certain instances, to wit: (1) in case an amendment to the articles of incorporation will change or restrict the rights of such stockholder or otherwise extend or shorten the term of the company;(2) in case of the sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the company's properties; or (3) in cases of merger and consolidation.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares: Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of the certificates of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

The matters to be discussed in the Meeting as specified in the attached Notice of Annual Meeting of Shareholders are not such as will give any dissenting shareholder any appraisal or similar right.

Item 3. Interest of Certain Persons in Matters to Be Acted Upon

a. The interests of incumbent directors and nominees to the Board in the matters to be acted upon in the meeting consist solely of security holdings to the extent described in the item on Security Ownership of Management on pages 4 -5. Likewise, there is no matter to be acted upon in which any Executive Officer or Associate is involved or had a direct, indirect or substantial interest.

b. The Company has not received any information from any director that he/ she intends to oppose any matter to be acted upon in the meeting.

## B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

a. Number of shares outstanding as of May 15, 2018 :
3,466,139,072 Common Shares (excluding treasury Shares of 9,324,650)
Number of Votes Entitled: one (1) vote per share

b. Record Dates:
June 21, 2018 - For solicitation of voting securities and principal holders
June 28, 2018 - For stockholders entitled to notice and to vote at the annual stockholders' meeting on July 12, 2018

Shareholders of record at the close of business on June 28, 2018 shall be entitled to notice and to vote at the meeting. As of the record date, there is a total of Three Billion Four Hundred Sixty Six Million One Hundred Thirty Nine Thousand Seventy Two (3,466,139,072) shares of Manila Bulletin Publishing Corporation's common stock issued and outstanding, each with a par value of One Peso (P1.00) per share.

Each shareholder voting in the election of directors may cumulate such shareholder's votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which such shareholder's shares are entitled, or may distribute such votes on the same principle among as many candidates as the shareholder chooses, provided that votes cannot be cast for more than the total number of directors to be elected at the meeting. However, no shareholder may cumulate votes for any candidate unless the candidate's name has been placed in nomination prior to the voting and at least one shareholder at the meeting has given notice of the intention to cumulate votes prior to the voting. Each share has one vote on all other matters.

The Company ensures that all stockholders entitled to notice and to vote will be given copies of SEC Form 20 – IS (Definitive Information Statement).

Security Ownership of Certain Record and Beneficial Owners of more than 5 %

Stock and transfer records of our transfer agent, Rizal Commercial Banking Corporation, disclosed the following principal stockholders who own more than 5 % of total outstanding shares of capital stock as of May 15, 2018:

| TITLE OF CLASS | NAME / ADDRESS OF RECORD OWNER AND RELATIONSHIP WITH ISSUER | NAME OF BENEFICIAL OWNER AND RELATIONSHIP WITH RECORD OWNER | CITIZEN SHIP | NO. OF SHARES HELD | PERCENT |
|---|---|---|---|---|---|
| Common | U.S. Automotive Co. Inc., 1000 United Nations Ave. Manila Relationship with the Issuer: Stockholder | U.S. Automotive Co. Inc., Relationship with the Record Owner: Chairman of the Board Authorized Representative: Mr. Basilio C. Yap Position: Chairman of the Board | FILIPINO | 1,883,738,105.00 | 54.3469% |
| Common | USAUTOCO, Inc., United Nations Ave. corner San Marcelino St. Manila Relationship with the Issuer: Stockholder | USAUTOCO, Inc., Relationship with the Record Owner: Chairman of the Board Authorized Representative: Mr. Basilio C. Yap Position: Chairman of the Board | FILIPINO | 811,225,930.00 | 23.4043% |
| Common | Menzi Trust Fund, Inc. 20/F Security Bank Centre, Ayala Avenue, Makati City Relationship with the Issuer: Stockholder | Menzi Trust Fund, Inc. Relationship with the Record Owner: Executor Authorized Representative: Mr. Teodoro C. Fuerte Position: Vice Chairman / Trustee | FILIPINO | 292,632,568.00 | 8.4426% |

Security Ownership of Management as of May 31, 2018

BOARD OF DIRECTORS

| TITLE OF CLASS | NAME/ POSITION | NUMBER OF SHARES | NATURE OF OWNERSHIP | CITIZENSHIP | %TAGE |
|---|---|---|---|---|---|
| Common | Mr. Basilio C. Yap<br>Chairman of the Board | 2,851,890.00 | Direct | Filipino | 0.08228% |
| Common | Dr. Emilio C. Yap III<br>Vice Chairman | 945,626.00 | Direct | Filipino | 0.02728% |
| Common | Atty. Hermogenes P. Pobre<br>Vice Chairman | 12,048.00 | Direct | Filipino | 0.00035% |
| Common | Chief Justice Hilario G. Davide Jr.( Ret.)<br>Vice Chairman/Independent Director | 11,473.00 | Direct | Filipino | 0.00033% |
| Common | Secretary Alberto G. Romulo ( Ret.)<br>Vice Chairman/ Independent Director | 11,473.00 | Direct | Filipino | 0.00033% |
| Common | Atty. Francis Y. Gaw<br>Director | 68,342.00 | Direct | Filipino | 0.00197% |
| Common | Dr. Enrique Y. Yap Jr.<br>Director | 1,365,544.00 | Direct | Filipino | 0.03940% |
| Common | Mr. Benjamin C. Yap<br>Director | 2,851,890.00 | Direct | Filipino | 0.08228% |
| Common | Dr. Crispulo J. Icban Jr.<br>Director | 72,717.00 | Direct | Filipino | 0.00210% |
| Common | Mrs.Maria Georgina Perez- De Venecia<br>Independent Director | 1,000.00 | Direct | Filipino | 0.00003% |

The Registrant does not have foreign equity ownership.

EXECUTIVE OFFICERS

| TITLE OF CLASS | NAME/ POSITION | NUMBER OF SHARES | NATURE OF OWNERSHIP | CITIZENSHIP | %TAGE |
|---|---|---|---|---|---|
| Common | Atty. Hermogenes P. Pobre<br>*Vice Chairman/ President* | 12,048.00 | Direct | Filipino | 0.00035% |
| Common | Dr. Emilio C. Yap III<br>*Vice Chairman/ Executive Vice-President* | 945,626.00 | Direct | Filipino | 0.02728% |
| Common | Atty. Fe B. Barin<br>*Executive Vice President* | 8,968.00 | Direct | Filipino | 0.000259% |

| TITLE OF CLASS | NAME/ POSITION | NUMBER OF SHARES | NATURE OF OWNERSHIP | CITIZENSHIP | %TAGE |
|---|---|---|---|---|---|
| Common | Secretary Herminio B. Coloma, Jr.(Ret)<br>*Executive Vice President/ Compliance Officer* | 0.00 | N.A. | Filipino | 0.00000% |
| Common | Dr. Enrique Y. Yap Jr.<br>*Director/ Vice President- Business Development Department* | 1,365,544.00 | Direct | Filipino | 0.03940% |
| Common | Aurora C. Tan<br>*Vice President/ Asst. Corporate Secretary/ Asst. Treasurer* | 181,791.00 | Direct | Filipino | 0.00524% |
| Common | Carmen S. Suva<br>*Vice President- Public Relations* | 12,048.00 | Direct | Filipino | 0.00035% |
| | Dante M. Simangan<br>*Vice President- Circulation Dept.* | 0.00 | N.A. | Filipino | 0.00000% |
| | Arsenio Emmanuel O. Cabrera<br>*Vice President – Advertising Dept.* | 0.00 | N.A. | Filipino | 0.00000% |
| | P/Chief Supt. Reynaldo S. Rafal ( Ret)<br>*Vice President – Administration Dept.* | 0.00 | N.A. | Filipino | 0.00000% |
| | Atty. Dylan I. Felicidario<br>*Corporate Secretary* | 0.00 | N.A. | Filipino | 0.00000% |
| | Elizabeth T. Morales<br>*Asst. Vice President- Finance Dept./ Asst. Compliance Officer* | 0.00 | N.A. | Filipino | 0.00000% |
| | Johnny L. Lugay<br>*Asst. Vice President- Information & Communication Technology* | 0.00 | N.A. | Filipino | 0.00000% |
| | Engr. Alvin P. Mendigoria<br>*Asst. Vice President- Engineering Dept.* | 0.00 | N.A. | Filipino | 0.00000% |
| | Ramon C. Ting<br>*Asst. Vice President- Metro Mla Branches* | 0.00 | N.A. | Filipino | 0.00000% |
| Common | Maebel P. Nadres<br>*Assistant Treasurer/ Chief Cashier* | 18,181.00 | N.A. | Filipino | 0.00052% |
| | Alicia A. Aldana<br>*Assistant Treasurer* | 0.00 | N.A. | Filipino | 0.00000% |
| | Josephine M. Abad<br>*Assistant Treasurer* | 0.00 | N.A. | Filipino | 0.00000% |
| | *Aggregate Ownership of all named directors and officers as a group* | 8,412,991.00 | | | 0.24272% |
| | *Aggregate Ownership of all Directors and officers as a Group unnamed* | 0.00 | | | 0.00000% |

The Corporation has no voting trust of its shares or similar agreement.

There was no arrangement made which may result in a change in control of the Registrant.

There was no change of control in the Corporation since January 1, 2017.

Item 5. Directors and Executive Officers of the Registrant

The following are the incumbent directors and executive officers of the Registrant:

| NAME / POSITION | YEARS OF SERVICE | AGE | TERM OF OFFICE | CITIZENSHIP |
|---|---|---|---|---|
| Mr. Basilio C. Yap<br>*Chairman of the Board* | Less than 5 years | 68 | 2014 to present | FILIPINO |
| Dr. Emilio C. Yap III<br>*Vice Chairman/ Executive Vice President* | More than 5 years | 46 | 2002 to present | FILIPINO |
| Atty. Hermogenes P. Pobre<br>*Vice Chairman/ President* | More than 5 years | 87 | 2007 to present | FILIPINO |
| Chief Justice Hilario G. Davide, Jr.(Ret)<br>*Vice Chairman/*<br>*Independent Director* | More than 5 years | 82 | 2011 to present | FILIPINO |
| Secretary Alberto G. Romulo (Ret)<br>*Vice Chairman/*<br>*Independent Director* | More than 5 years | 84 | 2011 to present | FILIPINO |
| Atty. Francis Y. Gaw<br>*Director* | Less than 5 Years | 70 | 2014 to present | FILIPINO |
| Mr. Benjamin C. Yap<br>*Director* | Less than 5 Years | 72 | 2016 to present | FILIPINO |
| Mrs. Maria Georgina Perez- De Venecia<br>*Independent Director* | Less than 5 years | 69 | 2017 to present | FILIPINO |
| Dr. Crispulo J. Icban, Jr.<br>*Director /*<br>*Editor – In – Chief* | More than 5 years | 82 | 2009 to present | FILIPINO |
| Dr. Enrique Y. Yap, Jr.<br>*Director/*<br>*Vice President- Business Development Dept.* | More than 5 years | 43 | 2013 to present | FILIPINO |
| Atty. Fe B. Barin<br>*Executive Vice President* | More than 5 years | 84 | 2012 to present | FILIPINO |
| Secretary Herminio B. Coloma, Jr.(Ret)<br>*Executive Vice President/*<br>*Compliance Officer* | Less than 5 years | 65 | 2016 to present | FILIPINO |
| Mrs. Aurora Capellan- Tan<br>*Vice – President- Executive Office/*<br>*Asst. Corporate Secretary/*<br>*Asst.Treasurer* | More than 5 years | 63 | 1984 to present | FILIPINO |
| Atty. Dylan I. Felicidario<br>*Corporate Secretary /*<br>*Head, Legal Department* | More than 5 years | 47 | 2002 to present | FILIPINO |
| P/Chief Supt. Reynaldo S. Rafal (Ret)<br>*Vice President- Administration Department* | Less than 5 years | 62 | 2014 to present | FILIPINO |
| Mrs. Carmen S. Suva<br>*Vice President- Public Relations Dept.* | More than 5 years | 77 | 2006 to present | FILIPINO |

| NAME / POSITION | YEARS OF SERVICE | AGE | TERM OF OFFICE | CITIZENSHIP |
|---|---|---|---|---|
| Mr. Arsenio Emmanuel O. Cabrera<br>*Vice President-Advertising Dept.* | Less than 5 years | 56 | 2015 to present | FILIPINO |
| Mr. Dante M. Simangan<br>*Vice President- Circulation Dept.* | More than 5 years | 58 | 2005 to present | FILIPINO |
| Mrs. Elizabeth T. Morales<br>*Asst. Vice President – Finance/ Asst. Compliance Officer* | More than 5 years | 57 | 1988 to present | FILIPINO |
| Mr. Johnny L. Lugay<br>*Asst. Vice President- Information & Communications Technology* | More than 5 years | 49 | 1990 to present | FILIPINO |
| Mr. Alvin P. Mendigoria<br>*Asst. Vice President- Engineering Dept.* | More than 5 years | 51 | 1993 to present | FILIPINO |
| Mr. Ramon C. Ting<br>*Asst. Vice President – Metro Manila Branches* | More than 5 years | 64 | 1978 to present | FILIPINO |
| Mrs. Maebel P. Nadres<br>*Assistant Treasurer / Chief Cashier* | More than 5 years | 64 | 1991 to present | FILIPINO |
| Ms. Alicia A. Aldana<br>*Assistant Treasurer* | More than 5 years | 55 | 1983 to present | FILIPINO |
| Ms. Josephine M. Abad<br>*Assistant Treasurer* | Less than 5 years | 66 | 2017 to present | FILIPINO |

As resolved in the Board of Directors meeting in 2012, a Board of ten (10) Directors shall be elected, shall hold office for a term of one (1) year or until their successors shall have been elected and qualified. Likewise, the Management Committee members and other Officers of the Company, unless removed by the Board of Directors, shall serve as such until successors are elected or appointed.

As of May 31, 2018, the names of the incumbent Directors and Executive Officers of the Company and their respective periods of service, ages, current positions and business experience during the past five years are as follows:

**BASILIO C. YAP**
*Chairman of the Board*

Mr. Basilio C. Yap, Filipino, 68, is the Chairman of the Board of Manila Bulletin Publishing Corporation. He graduated from De La Salle University in 1972 with the degree of Bachelor of Science in Commerce major in Accounting, Cum Laude. He is a Certified Public Accountant and earned the degree of Masters in Business Management from Asian Institute of Management in 1977. He worked in Bank of America as an Assistant Vice President up to 1985. He is currently the Chairman of the Board and President of U.S. Automotive Co., Inc., USAUTOCO, Inc., Philtrust Bank, Philtrust Realty Corporation, Manila Prince Hotel, Cocusphil Development Corporation, U.N. Properties Development Corporation and Seebreeze Enterprises, Inc. Also, Mr. Yap is concurrently the Chairman of the Board of Centro Escolar University and Manila Hotel Corporation, Vice Chairman of Euro - Med Laboratories Philippines, Inc., MH F&B Ideas, Inc. and TMH Transport Limousine Services, Inc.

**EMILIO C. YAP III**
*Vice Chairman/ Executive Vice President*

Dr. Emilio C. Yap III, Filipino, 46, is Vice Chairman of the Board and Executive Vice President of Manila Bulletin Publishing Corporation. He graduated from De La Salle University in 1994 with a degree of Bachelor of Science in Accountancy. He was conferred with the Degree of Doctor of Philosophy in Journalism, Honoris Causa by Angeles University Foundation on May 1, 2009 and the degree of Doctor of Business Administration , Honoris Causa by Pamantasan ng Lungsod ng Maynila on April 16, 2012. He was awarded Outstanding Manilan last June 24, 2011. At present, Dr. Yap is the Vice Chairman of Manila Hotel Corporation and Philtrust Bank, Director of Centro Escolar University and Cocusphil Development Corporation. Likewise, he is the Chairman of the Board of Manila Prime Land Holdings, Inc., Director and Vice President of U.S. Automotive Co., Inc., Director, Assistant Treasurer and Assistant Corporate Secretary of Usautoco Inc. and Director and Vice President of Philtrust Realty Corporation, Director of Manila Prince Hotel Corporation, U.N. Properties Development Corporation, MH F&B Ideas Inc. and TMH Transport Limousine Services, Inc.

**HERMOGENES P. POBRE**
*Vice Chairman/ President*

Atty. Hermogenes P. Pobre, Filipino, 87, is Vice Chairman and President of Manila Bulletin Publishing Corporation. He joined the Company on February 1, 2007 as Publisher and on July 9, 2009 was elected Vice Chairman and President of Manila Bulletin. He is a Certified Public Accountant and a Lawyer. Atty. Pobre served as Assistant Secretary of the Department of Justice, Chairman of the Board of Accountancy and Chairman of the Professional Regulation Commission. He had received several commendation and recognition awards including Presidential Commendation Award for his exemplary service as Chairman of the Professional Regulation Commission, Hall of Fame awardee of the Philippine Institute of Certified Public Accountants and the Government Association of Certified Public Accountants. He was a multi- awarded leader and public servant and was named Ulirang Ama in Government Service in 1999. He authored “Government accounting - a Self - Instructional Approach” and “Vision and Mission for Professional Excellence”, a collection of writings on the reforms in professional regulation, education and governance.

**HILARIO G. DAVIDE, JR.**
*Vice Chairman/ Independent Director*

Former Supreme Court Chief Justice Hilario G. Davide, Jr., Filipino, 82, was elected as Vice Chairman and Independent Director of Manila Bulletin Publishing Corporation on March 31, 2011. He was the 20th Supreme Court Chief Justice of the Philippines and Head of the Judicial Branch of the government from November, 1998 to December, 2005 and former Philippine Permanent Representative to the United Nations in New York from February 2007 to March 2010. Former Chief Justice Davide is a member of the Council of Elders of the Knights of Rizal, Chairman of the Board of KC Philippines Foundation, Inc., Knights of Columbus Fr. George J. Willman Charities, Inc., Claudio Teehankee Memorial Foundation, Inc., Heart of Francis Foundation, Inc., Trustee of University of San Carlos, and Incorporator/ Chairman of Kompass Credit and Financing Corporation. Likewise, he is an Independent Director of Philtrust Bank and of the Megawide Construction Corporation.

**ALBERTO G. ROMULO**
*Vice Chairman / Independent Director*

Former Secretary Alberto G. Romulo, Filipino, 84, was elected as Vice Chairman and Independent Director of Manila Bulletin Publishing Corporation on July 14, 2011. Concurrently, he was appointed as Chairman of the Development Bank of the Philippines ( DBP) on February 15, 2017. He was the Minister of Budget of President Corazon Aquino, elected Senator from 1987 to 1998, during which time he served as Majority Leader for 5 years. Likewise, he became Finance Secretary in 2001 and was later appointed by President Gloria Macapagal- Arroyo as Executive Secretary and in 2004 as Foreign Affairs Secretary until 2011 under President Benigno C. Aquino III. He served as Chairman of the Association of Southeast Asian Nations or ASEAN in 2007.

**FRANCIS Y. GAW**

*Director*

Atty. Francis Y. Gaw, Filipino, 70, is a Director and the Legal Counsel of the Registrant. He graduated from University of Santo Tomas with the degree of BS in Commerce major in Accounting in 1967 and became a CPA in the same year. He earned his degree of Bachelor of Laws, salutatorian from the Ateneo de Manila University in 1972, placed 5th in the Bar Exam. He was editor-in-chief of the Ateneo Law Journal and Graduates' Yearbook (Forum). He took post graduate studies in Media Management ( with credits) at the Asian Institute of Journalism and Communication , then shifted to Business Management at the International Academy of Management and Economics, where he earned his MBA ( with thesis) in 2009 and Ph.D. ( with dissertation) in 2011. Atty. Gaw was a former Director of Philippine Bank of Communications, Filipinas Manufacturers' Bank and Philtrust Bank. At present, he is the Chairman and President of Goldclass, Inc. and Royal Bay Terrace Condominium Association, Inc.; Director of Manila Hotel Corporation, Euro-Med Laboratories, Philippines, Inc., Manila Prince Hotel Corporation, Philippine Progress Securities Corporation, Orient Enterprises Inc. and U.N. Properties Development Co., Inc. He is the principal/ sole practitioner of Gaw Law Office.

**BENJAMIN C. YAP**

*Director*

Mr. Benjamin C. Yap, 72 years old, Filipino is a Director of Manila Bulletin Publishing Corporation. He is the President/ Chairman of the Board of Benjamin Favored Son and House of Refuge Foundation, Director of US Automotive Co., Inc., USAutoco, Inc., Manila Hotel Corporation, Philtrust Realty Corporation, Philtrust Bank, Manila Prince Hotel Corporation, Cocusphil Development Corporation, U.N. Properties Development Corporation and Centro Escolar University.

**ENRIQUE Y. YAP JR.**

*Director / Vice President*

Dr. Enrique Y. Yap, Jr., Filipino, 43, is a Director and Vice President of the Business Development Department of Manila Bulletin. Likewise, he is currently the Executive Vice President and Director of Manila Hotel. He is one of the recipient of Ten Outstanding Manilans conferred by the Hon. Alfredo S. Lim (Former Mayor of the City of Manila) and is likewise a member of the Rotary Club of Manila. He holds a Doctorate degree in Business Administration (Honoris Causa) from the Polytechnic University of the Philippines, and studied at Cornell- Nanyang Technological University in Singapore and De La Salle University in Manila.

**MARIA GEORGINA PEREZ – DE VENECIA**

*Independent Director*

Mrs. Maria Georgina Perez- de Venecia, Filipino, 69, is a member of the Philippine House of Representatives from Pangasinan's 4th District from 2010 to 2016 wherein she was elected as President of the Association of Lady Legislators of the 15th Congress. She graduated with a degree in Business Administration at Pace College, New York.

She became the President and Chairperson of the Congressional Spouses Foundation, Inc. ( CSFI) in 1992. Mrs. De Venecia has received an honorary degree in humanities from Mindanao State University ( 2001, Pangasinan State University (2007), Laguna State Polytechnic University (2007) and University of Luzon (2009). She was also the recipient of the Outstanding Humanitarian Service Award from the International Centennial Feminist association of the Philippines and the Rotary Club of Manila 101. At present she is the Chairman of the INA Foundation, Inc. and Director of Sampaguita Pictures, Inc.

**CRISPULO J. ICBAN JR.**

*Director / Editor - in- Chief*

Dr. Crispulo J. Icban Jr., Filipino, 82, is a Director and at present, the Editor- In – Chief of Manila Bulletin Publishing Corporation. He served as the Press Secretary of President Gloria Macapagal Arroyo from January 21, 2010 to May 31, 2010. Prior to his appointment as Press Secretary, Dr. Icban was then the Editor – in – Chief of Manila Bulletin. He graduated from the University of the Philippines with a Bachelor of Arts in English, magna cum laude and master's degree in journalism, under Fulbright and Smith Mundt Grant, at Syracuse University in New York. He was one of 12 American and 6 international newsmen in the annual Nieman Fellowship program at Harvard University in Massachusetts. Dr. Icban has received numerous awards in over half a century of service as journalist. He was named Outstanding Kapampangan by the Pampanga Provincial Government, 1988; and Distinguished Tarlaquenos by the Tarlac Provincial Government, 2003. He was conferred a Doctor of Philosophy degree in Management, honoris causa, by the Pampanga Agricultural College on April 12, 2006.

**FE B. BARIN**
*Executive Vice President*

Atty. Fe B. Barin, Filipino, 84, is an Executive Vice President of the Company. She served as the Chairperson of the Securities and Exchange Commission and as a member of the Anti- Money Laundering Council from Sept. 1, 2004 to May 4, 2011. She was an ex-officio Chairperson of the Central Credit Information Corporation from 2009 to May, 2011. Prior to her appointment to the SEC she served a member of the Monetary Board of the Bangko Sentral ng Pilipinas (BSP) from October 1, 2002 to August 31, 2004. She also served as the first Chairperson of the Energy Regulatory Commission in August, 2001 until September, 2002. She holds a Bachelor of Laws degree from the University of the Philippines, a member of the Philippine Bar and the Integrated Bar of the Philippines, Women Lawyers' Circle (WILOCI) and the Women Lawyers' Association of the Philippines (WLAP). Presently, she is a member of the Board of Trustees of the Institute of Corporate Directors and member of the Board of Bank of Commerce, Mitsubishi Motors Philippines Corporation Auto Financial Services(MAFS), General Milling Corporation and member, Board of Governors, Philippine Constitution Association

**HERMINIO B. COLOMA, JR.**
*Executive Vice President/ Compliance Officer*

Mr. Herminio B. Coloma, Jr. , Filipino, 65, is an Executive Vice President and Compliance Officer of the Registrant. He was a member of the Philippine Cabinet and Secretary of Presidential Communications Office during the term of President Benigno S. Aquino III. He was a Professor at the Asian Institute of Management from 1988 to 2016. He obtained Bachelor of Arts degree (major in Political Science) in the University of the Philippines in 1973, Master in Business Management degree from the Asian Institute of Management graduating with distinction in 1978 and Doctor of Philosophy in 2009 at Southeast Asia Interdisciplinary Development Institute. While on work leave from AIM, he also served several private companies as follows: Director of Transnational Diversified Group where he also served as Division President and Group Chief Learning Officer, Director of Loyola Plans Consolidated, Inc., Management consultant of various organizations including USAID, PricewaterhouseCoopers , Canadian International Development Agency , Land Bank of the Philippines, Asian Development Bank and Philippine National Bank.

**AURORA CAPELLAN TAN**
*Vice President / Assistant Corporate Secretary/ Assistant Treasurer*

Mrs. Aurora Capellan Tan, Filipino, 63, is the Assistant Corporate Secretary, Vice President and Assistant Treasurer of Manila Bulletin Publishing Corporation. She studied at the University Of Santo Tomas College Of Law for her degree of Bachelor of Laws, and Bachelor of Science in Psychology.

**P/Chief Supt REYNALDO S. RAFAL ( Ret)**
*Vice President – Administration Department*

P/Chief Supt Reynaldo S. Rafal, 62, is the Vice President for Administration of the Registrant. He joined the Company in 2014. He was a former Regional Director of the Philippine National Police (PNP). He graduated with a Bachelor of Science degree from Philippine Military Academy in 1979, Master in Management from Philippine Christian University and Doctor of Philosophy in Peace and Security Administration from Bicol University Graduate School, Legaspi City.

**CARMEN S. SUVA**
*Vice President- Public Relations Department*

Mrs. Carmen S. Suva, Filipino, 77, is the Vice President- Public Relations of Manila Bulletin Publishing Corporation. She served as a career person in government service (Malacañang) from 1962 to 2004 under six Presidents and under 20 Press Secretaries. She retired as Undersecretary for Media

Relations, Office of the Press Secretary, Malacañang, in 2004. She received a Loyalty Award from the Civil Service Commission in 1973, Outstanding Employee of the Department of Public Information in 1980 and Outstanding Woman employee of the Office of the Press Secretary, Malacañang in 1989. She is the granddaughter of Epifanio delos Santos, a Filipino patriot, scholar and historian for whom the 54 kilometer avenue popularly referred to as EDSA was named.

**DANTE M. SIMANGAN**
*Vice President- Circulation Department*

Mr. Dante M. Simangan, Filipino, 58, is Vice- President - Circulation Department of the Registrant effective June 10, 2014. Prior to his appointment as VP, he was Asst.- Vice President for Provincial Branches of Manila Bulletin. He joined the Company in 2005. He graduated with a degree of AB – Political Science from Mindanao State University in 1980.

**ARSENIO EMMANUEL O. CABRERA**
*Vice President – Advertising Department*

Mr. Arsenio Emmanuel O. Cabrera, Filipino, 56, is the Vice President- Advertising Department of the Registrant. He graduated cum laude with a degree of Bachelor of Arts in Development Communication from Xavier University – Ateneo de Cagayan. He finished his Masteral degree in English and Literature at the Ateneo de Manila University. He completed the required academic units for his Doctorate degree in English and Literature in the same University.

**DYLAN I. FELICIDARIO**
*Corporate Secretary/ Head, Legal Department*

Atty. Dylan I. Felicidario, Filipino, 47, is a Lawyer-CPA by profession. He is the Corporate Secretary and Head of Legal Department of the Company. He earned his Bachelors Degree in Law at the Saint Louis University in Baguio City where he graduated Cum Laude in March 1997. He obtained his Bachelors Degree in Commerce - Major in Accounting at Laguna College, San Pablo City, where he graduated Magna Cum Laude in March, 1992. Before joining Manila Bulletin, he served as a Lawyer of Philippine Trust Company (Philtrust Bank) from 2000 to 2002; as an Associate Lawyer of Cases & Associates Law Offices from 1998 to 1999; and as a college instructor of Business Law and Taxation at Laguna College, San Pablo City from 1997 to 1998.

**ELIZABETH T. MORALES**
*Assistant Vice President- Finance/ Assistant Compliance Officer*

Mrs. Elizabeth T. Morales, Filipino, 57, is the Assistant Vice President - Finance and Assistant Compliance Officer of the Company. Before her appointment as Assistant Vice President, she served as the Assistant Treasurer of the Registrant. Prior to joining Manila Bulletin Publishing Corporation, she worked with Carlos J. Valdes & Co., as an Auditor and with Abenson, Inc., as an Accounting Manager. She graduated with a degree of Bachelor of Science in Commerce major in Accounting from Far Eastern University in 1979 and took her MBA units at Ateneo Graduate School of Business in 1989. She passed the CPA board exam in 1980.

**JOHHNY L. LUGAY**
*Assistant Vice President- Information and Communications Technology Department*

Mr. Johnny L. Lugay, Filipino, 49, is the Assistant Vice President- Information and Communications Technology Department of the Company. He graduated from the University of Santo Tomas with a degree of Bachelor of Science in Mathematics major in Computer Science in 1990.

**ALVIN P. MENDIGORIA**
*Assistant Vice President- Engineering Department*

Mr. Alvin P. Mendigoria, Filipino, 51, is the Assistant Vice President - Engineering Department of the Registrant. He graduated with a degree of Bachelor of Science In Mechanical Engineering from Adamson University. He passed the Mechanical Board Exam in 1989 and joined the Company in 1993.

**RAMON C. TING**
*Assistant Vice President- Metro Manila Branches*

Mr. Ramon C. Ting, Filipino, 64, is the Assistant Vice President – Metro Manila Branches of the Company. He joined the Company in 1978. He graduated with a degree of Bachelor of Science in Commerce, major in Management from the Far Eastern University in 1976.

**MAEBEL P. NADRES**
*Assistant Treasurer/ Chief Cashier*

Mrs. Maebel P. Nadres, Filipino, 64, is an Assistant Treasurer and the Chief Cashier of the Registrant. She joined the Company in 1991. She graduated with a degree of Bachelor of Science in Commerce, major in Accounting from Philippine School of Business Administration in 1971 and became a CPA in 1976. She took up her Masters in Business Administration - Top Executive Program from Pamantasan ng Lungsod ng Maynila in 2000.

**ALICIA A. ALDANA**
*Assistant Treasurer*

Ms. Alicia A. Aldana, Filipino, 55, is an Assistant Treasurer of the Registrant. She joined the Company in 1983. She graduated with a degree of Bachelor of Science in Commerce major in Economics from the University of Santo Tomas in 1983.

**JOSEPHINE M. ABAD**
*Assistant Treasurer*

Ms. Josephine M. Abad, Filipino, 66, is an Assistant Treasurer of the Company. She studied Hotel and Restaurant Management at the University of the Philippines. Prior to joining Manila Bulletin, she worked at ECM Global Marketing.

The Members of the Corporate Governance Committee are as follows:

| | |
|---|---|
| Mrs. Maria Georgina Perez – De Venecia | Chairman |
| Chief Justice Hilario G. Davide, Jr. (Ret.) | Member |
| Secretary Aberto G. Romulo (Ret.) | Member |

*Nomination for Election as Members of the Board of Directors, including Independent Directors*

The Board of Directors of Manila Bulletin Publishing Corporation, during its regular meeting on May 24, 2018, in which a quorum was present throughout, unanimously approved the following nominees recommended by the Corporate Governance Committee for election as members of the Board of Directors for 2018-2019, to wit:

| NOMINEES ( As Regular Directors) | AGE | CITIZENSHIP |
|---|---|---|
| Mr. Basilio C. Yap | 68 | Filipino |
| Dr. Emilio C. Yap III | 46 | Filipino |
| Dr. Enrique Y. Yap, Jr. | 43 | Filipino |
| Atty. Francis Y. Gaw | 70 | Filipino |
| Dr. Crispulo J. Icban, Jr. | 82 | Filipino |
| Mr. Benjamin C. Yap | 72 | Filipino |
| NOMINEES ( As Independent Directors) | AGE | CITIZENSHIP |
| Chief Justice Hilario G. Davide, Jr. (Ret.) | 82 | Filipino |
| Secretary Alberto G. Romulo (Ret.) | 84 | Filipino |
| Mrs. Maria Georgina Perez-de Venecia | 69 | Filipino |
| Atty. Armando L. Suratos | 73 | Filipino |

In the same meeting mentioned earlier, the Chairman of the Corporate Governance Committee confirmed that the nominees are qualified and eligible for directorship in the Company, Ret. Chief Justice Hilario G. Davide, Jr., Ret. Secretary Alberto G. Romulo, Mrs. Georgina Perez – de Venecia and Atty. Armando L. Suratos were nominated by Mr. Bartolome L. Atienza as Independent Directors in order to comply with the requirements of the Securities Regulation Code. The nominated independent directors possess all the qualifications and none of the disqualifications of an independent director as set forth in the Securities Regulation Code. There is no relationship among the three independent directors as well as with Mr. Bartolome L. Atienza.

*New Nominee (Independent Director):*

## ARMANDO L. SURATOS

Armando L. Suratos, Filipino, 73 was a member of the Monetary Board of the Bangko Sentral ng Pilipinas ( BSP) from September 13, 2011 to July 3, 2017. While with the Monetary Board, Atty. Suratos was the Chairman of the BSP Corporate Audit Committee, Adviser to the Governor on Philippine International Convention Center (PICC) Matters ( 2011- Present), Adviser, BSP Currency Management Committee, BSP Numismatic Committee, BSP Information and Communication Technology (ICT) Committee and Budget Committee. He has also held the following positions: Member of the Board of Directors of the International Association of Currency Affairs ( 2005-2017), Vice Chairman of the PICC Board of Directors (1998-2010) and Chairman of the BSP Provident Fund Board of Trustees (1999-2010).

At present, he is an Independent Director of the Philippine Payments Management, Inc. and Chairman of the Supervisory Committee of the Philippine Asian Bond Fund.

Before his appointment as Monetary Board Member, he worked with the Central Bank of the Philippines and the Bangko Sentral ng Pilipinas from 1972 to 2010. He was Deputy Governor of the Resource Management Sector of the BSP for almost 13 years ( 1998-2010). He also managed BSP's Security Plant Complex on a concurrent basis. He was BSP's General Counsel from 1992 to 2000.

He obtained his Bachelor of Science in Business Administration from the University of the Philippines in 1966 and his Bachelor of Laws from the Ateneo de Manila University in 1971. He placed 8$^{th}$ in the 1971 Bar Examinations. He attended the Investment Negotiation Course at Georgetown University in 1975.

The afore- mentioned nominees have been determined to possess all the qualifications and none of the disqualifications of a Director.

In approving the nomination of independent directors, the guidelines prescribed in the Securities Regulation Code Rule 38 were taken into consideration as included in the Amended By Laws of the Registrant whereby Certificate of Filing of Amended By – Laws was issued by SEC Director Benito A. Cataran last December 8, 2009.The Company has adopted the SRC Rule 38 (Requirements on Nomination and Election of Independent Directors) and compliance therewith has been made.

There are no Company directors or officers who are connected with any government agencies or instrumentalities. Please see attached certification of Mr. Danny E. Bunyi, Corporate Secretary of Development Bank of the Philippines (DBP) regarding the appointment of Former Secretary Alberto G. Romulo as Chairman of the Board of DBP.

*Significant Employee*

Other than the aforementioned Directors and Executive Officers identified in the item on Directors and Executive Officers in this Information Statement, there are no other significant employees.

*Family Relationships*

Mr. Basilio C. Yap, the Chairman of the Board is the uncle of Dr. Emilio C. Yap III, Vice Chairman and Executive Vice President and Dr. Enrique Y. Yap Jr., Director and Vice President of Manila Bulletin Publishing Corporation. Dr. Emilio C. Yap III and Dr. Enrique Y. Yap Jr. are cousins, and are nephews of the Chairman, Mr. Basilio C. Yap while Atty. Francis Y. Gaw is the Chairman's brother- in- law.

Mr. Benjamin C. Yap is the older brother of Chairman Basilio C. Yap, uncle of Dr. Emilio C. Yap III and Dr. Enrique Y. Yap Jr.and brother in law of Atty. Francis Y. Gaw.

There are no other family relationships known to the registrant other than the ones disclosed.

*Involvement in Certain Legal Proceedings*

For the past five years and up to the date of this report, the Registrant has no knowledge of any material pending legal proceedings to which the Company, any of its directors, nominees and executive officers is a party or of which any of their property is the subject. Likewise, the Company has no knowledge of any pending legal proceedings against any nominee or director or executive officer such as follows:

a. There is no bankruptcy petition filed by or against any business of which any of our directors or executive officer is subject.
b. None of our directors or executive officers is convicted by final judgment in a criminal proceeding.
c. None of our directors or executives is a subject of judgment or decree permanently or temporarily limiting or suspending their involvement in any type of business, securities and commodities or banking activities.
d. None of our directors or executive officers has been found to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended or vacated.

The Registrant is not a party to any material pending legal proceedings and has no subsidiary or affiliate.

*Certain Relationships and Related Transactions*

The Company, in its regular course of trade or business obtains borrowings from private commercial banks (please see Notes 8,13,14 and 25 of the audited Financial Statements herein attached).

However, no other transaction was undertaken by the Company in which any Director or Executive Officer was involved or had a direct or indirect material interest.

Please see page 14a for detailed discussion of related party transactions.

No director has resigned because of a disagreement with the Registrant on any matter relating to the Company's operations, policies or practices.

None of the nominees for election as members of the Board of Directors have declined to stand for re election.

Chief Justice Hilario G. Davide, Jr.(Ret), Secretary Alberto G. Romulo (Ret), Mrs. Maria Georgina Perez- de Venecia and Atty. Armando L. Suratos were nominated to and recommended by the Corporate Governance Committee as independent directors, and approved by the Board of Directors during its regular meeting on May 24, 2018. They are fully qualified as independent directors in compliance with the guidelines on the nomination and election of Independent Directors under SRC Rule 38.

The Registrant does not have a parent company.

Item 6. Compensation of Directors and Executive Officers

The aggregate annual compensation of Manila Bulletin's CEO and 4 most highly compensated officers for the last two calendar years and estimated compensation for the year 2018 are as follows:

| NAME<br>PRINCIPAL POSITION | YEAR | SALARY | BONUS | OTHER ANNUAL COMPENSATION / DIRECTORS' FEE |
|---|---|---|---|---|
| Atty. Hermogenes P. Pobre<br>*Vice Chairman/ President* | | | | |
| Dr. Emilio C. Yap III<br>*Vice Chairman/ Executive Vice President* | | | | |
| Mrs. Paciencia M. Pineda*<br>*Executive Vice President/ Treasurer* | | | | |
| Atty. Fe B. Barin<br>*Executive Vice President* | | | | |
| Secretary Herminio B. Coloma, Jr. (Ret.)<br>*Executive Vice President* | | | | |
| Mrs. Aurora C. Tan<br>*Vice President- Executive Department/*<br>*Assistant Corporate Secretary*<br>*Assistant Treasurer* | | | | |
| All above named directors & officers as a group | 2018*<br>2017<br>2016 | 4,898,510<br>5,259,087<br>4,459,941 | 1,428,672<br>1,191,132<br>910,028 | 1,699,357<br>4,551,689<br>1,305,229 |
| All other directors and officers as a group unnamed | 2018*<br>2017<br>2016 | 48,345,711<br>44,569,365<br>56,491,135 | 13,567,309<br>12,706,849<br>12,759,281 | 14,571,609<br>10,019,920<br>1,633,002 |

**Retired on July 31, 2017*
***Estimated compensation*

The Company maintains a BIR approved Retirement plan for each of our employees. Retirement computations are the same both for executives and rank and file employees.

The Company has no standard arrangement with regard to the remuneration of its existing officers aside from the compensation received as herein stated.

The Registrant has the usual employment contract with all its employees whether rank and file or executives. Compensation is based on the designed salary scheme of the Company. On the other hand, each of the Board of Directors receive a standard per diem of P25,000.00 per Board meeting.

There are no outstanding warrants or options held by the Registrant's CEO, the named executive officers and all directors or officers as a group.

Item 7. Independent Public Accountants

In compliance with SRC Rule 68 and 68.1 No. 4 bI; b II (1) as amended, on Qualifications of Independent Auditors, upon the recommendation of the Audit Committee, the Board of Directors of the Registrant in its Special Meeting on March 26, 2018 unanimously resolved the appointment of Mendoza, Querido & Co. as the Registrant's auditing firm with SEC Accreditation No. 0268-FR -1 ( Group A) and signing partner's SEC accreditation No. 1319-AR-1 ( Group A), with expiry date on September 7, 2020 and March 1, 2020 respectively. The partner in charge is Mr. Richard S. Querido, a senior partner of Mendoza, Querido & Co. The Company has no disagreements with the said firm or auditor with regards to accounting and financial disclosures for the year 2017. For the year 2016 the external auditor was Mangay-Ayam, Lim & Co. with Mr. Rodrigo M. Mangay – Ayam as partner in charge. The SEC accreditation of our former external auditor, Mangay-Ayam , Lim & Co. and its signing partner, Mr. Rodrigo M. Mangay-Ayam has been downgraded from "Category A" to "Category C" as relayed to us on March 23, 2018.

Audit fees of our external auditor for the years 2017 and 2016 amounted to P823,200.00 and P551,811.00 respectively. The said fees covered audit work, preparation of year - end audited financial statements and Income Tax Return for the period ended, December 31, 2017 and 2016.

The Audit Committee reviews the audit scope and coverage, strategy and results for the approval of the board and ensures that audit services rendered shall not impair or derogate the independence of the external auditors or violate SEC regulations. There were no disagreements with our external auditors on matters of accounting principles, practices, and disclosures on financial statements as well as audit procedures conducted.

Representatives of our external auditors, Mendoza, Querido & Co. will be present at the scheduled stockholders' meeting wherein they will have the opportunity to make a statement should they desire to do so and will be available to respond to appropriate questions.

The members of the Audit Committee are as follows:

| | | |
|---|---|---|
| Chief Justice Hilario G. Davide, Jr.(Ret.) | Chairman | (Independent Director) |
| Mrs. Maria Georgina Perez- De Venecia | Member | (Independent Director) |
| Atty. Francis Y. Gaw | Member | (Director) |

The Company's Audit Committee recommended the election of Mendoza, Querido & Co. as the Company's external auditor for 2018. This is the second year that the said auditing firm will serve as our Independent Public Accountant. Mr. Richard S. Querido will likewise be the signing partner for the year. Manila Bulletin Publishing Corporation complies with the requirements of Section 3(b)(iv)(ix) of SRC Rule 68 on the rotation of external auditors or signing partners and the two year cooling-off period. There was no event in the past wherein the Registrant and Mendoza, Querido & Co. or its signing partner had any disagreement regarding any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedures. A resolution for the appointment of the Company's external auditor for 2018 shall be presented to the stockholders for approval.

C. ISSUANCE AND EXCHANGE OF SECURITIES

There was no authorization or issuance of securities other than for exchange.

D. OTHER MATTERS

Item 8. Action With Respect to Reports

The following are to be submitted to the stockholders for approval at the scheduled annual meeting:

1. Minutes of the previous annual stockholders' meeting (attached herewith).
2. Election of Regular as well as Independent Directors
3. Appointment of Independent Public Accountants
4. Reading of the Registrant's 2017 Year End Report
5. Ratification of all acts, resolutions and transactions of the Board of Directors for the year 2017 as follows:

    a. The Resolution passed by the Board authorizing designated officers of the Registrant to sign documents required in the normal course of its operations.
    b. Appointment of the Company's key officers.
    c. Approval of Annual Report
    d. Annual Stockholders Meeting and Record Date
    e. Reappointment of membership of Audit Committee
    f. Reappointment of Related party Transaction Committee
    g. Reappointment of Corporate Governance Committee
    h. Reappointment of Risk Oversight Committee
    i. Reappointment of the composition of the Executive Committee
    j. Approval of signing authorities and limits

Item 9. Voting Procedures

Every stockholder entitled to vote shall be entitled to one vote for each share of stock standing in his name on the books of the Corporation. Provided, however, that in case of the election of directors, every stockholder entitled to vote shall be entitled to accumulate his vote (cumulative voting) in accordance with the provision of law in such case made and provided.

Every stockholder entitled to vote at any meeting of the stockholders may so vote by proxy provided that the proxy shall have been appointed in writing by the stockholder himself, or by his duly authorized attorney. The instrument authorizing a proxy to act shall be exhibited to the Secretary and to the inspectors of election and shall be lodged with the Secretary if he shall so request. At any meeting of stockholders, the holders of record for the time being of a majority of the stock of the Company then issued and outstanding entitled to vote, represented in person or by a proxy shall constitute a quorum the stockholders attending or represented at the time and place at which such meeting or to act as Secretary thereof may adjourn such meeting for a period not exceeding twenty days.

The stockholders entitled to vote may, at any stockholders' meeting, appoint two persons (who need not be stockholders) to act as inspectors of election at all meetings of the stockholders until the close of the next annual meeting. If any inspector shall refuse to serve, or his office shall become vacant, the meeting may appoint an inspector in his place.

*a. Vote Required for Approval or Election*

The vote of stockholders representing at least a majority of the issued and outstanding capital stock entitled to vote is required.

All elections and all matters to be taken up, shall be decided by the majority vote of the stockholders entitled to vote except in those cases where the Corporation law requires a vote of more than majority.

*b. Method by which votes will be counted*

The votes shall be taken and counted viva voce or if cannot be clearly determined by this method, then, casting of ballots will be done. Counting of the votes will be done by the Corporate Secretary or Assistant Corporate Secretaries with the assistance of the independent auditors and the Company's stock transfer agent.

Item 10. Financial and Other Information

Please refer to the accompanying Annual/ Management Reports

**UNDERTAKING**

**Upon the written request of the stockholders, the Corporation undertakes to furnish said stockholders with a copy of SEC Form 17 – A, free of charge except for the exhibits attached thereto which shall be charged at cost. Any written request for a copy of SEC Form 17 – A shall be addressed to the following:**

**MANILA BULLETIN PUBLISHING CORPORATION**

**Manila Bulletin Building**
**Muralla corner Recoletos Streets**
**Intramuros, Manila**

**Attention: Ms. JOSEPHINE M. ABAD**
**Assistant Treasurer**

## SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Manila on June 8, 2018.

**MANILA BULLETIN PUBLISHING CORPORATION**

By:

**DYLAN I. FELICIDARIO**
Corporate Secretary

## MANAGEMENT REPORT

Item 1. NATURE AND SCOPE OF BUSINESS

*A. Business Development*

The Manila Bulletin was established on February 2, 1900 or 117 years ago and is the first newspaper company in the publishing industry to go public in the Philippines. With more than a century of being of service to the country, it faithfully came to record the country's and the world's most important events, presenting and interpreting the news with utmost concern for accuracy, impartiality and fairness. As exponent of Philippine progress, it continues to publish constructive news on national development that all may work for the success of business and industry to give jobs to the jobless.

On 22 May 2017, the Securities and Exchange Commission ( SEC) issued the Certificate of Filing of Amended Articles of Incorporation, which allowed and approved the Manila Bulletin Publishing Corporation's application to amend its Articles of Incorporation, specifically, Article Fourth, the tenor of which reads as follows:

" Fourth: That the term for which said corporation is to exist is fifty (50) years from and after date of incorporation and which is hereby extended for another fifty (50) years from and after September 25, 2009, the expiry date of its original term. ( As amended, June 8, 1989)"

The Registrant has neither been subjected to any bankruptcy, receivership or similar proceeding nor to any material reclassification, merger , consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

*B. Business of Issuer*

1. Description of Business

The Manila Bulletin provides quality news and entertainment to the public. It is published seven days a week with Philippine Panorama Magazine on Sunday and the Digital Generation Magazine once every quarter. Also published daily are tabloid newspapers, Tempo in English and Balita in Filipino.

The Manila Bulletin publishes monthly magazines in full color, of special interest catering to various sectors of the reading public.

Agriculture Magazine is the leader in promoting trends in farming, fishing, crop propagation, livestock raising and of many topics for professionals and hobbyists who are enticed by improving innovations. Also published are pointers for aspiring small scale farmers and other entrepreneurs. The magazine is the premier source of ground breaking developments, also of products that would be exportable, a new source of foreign exchange for the country. Most interesting are entrepreneurial successes of people who had ventured of many of the above endeavors.

Going Places Magazine promotes local tourism travel. Places in the country are featured wheretofore have not be known to tourists, hotels with complete amenities or for those seeking the best places for enjoying their time with limited budgets; the breaking of sunrise, the sweet grandeur of sunset, explore the caves and rivers or swim among the beaches. The magazine also publishes stories of places to visits, fiestas to be celebrated, restaurants, lodging, cultural sites, food specialties and handicrafts or souvenirs for pasalubong. All these promote trade in the areas to be visited, enhancing tourism and generate income in the far flung localities as well as preserve the culture of the different regions. “There is really more fun in the Philippines.”

The perfect companion for animal lovers and breeders, Animal Scene Magazine gives readers breeding information, addresses veterinary concerns and give advice on care. It features very interesting best seller stories on animals, heartwarming anecdotes from fellow enthusiasts and on less-known animals and colorful pictures to the magazine readers of all ages.

To encourage provincial literary talents, preserve the cultures and dialects of the countries various regions, the Manila Bulletin publishes the weekly vernacular magazines, “Liwayway” in Tagalog, “Bisaya” in Cebuano, “Bannawag” in Ilocano and “Hiligaynon” in Ilonggo. These magazines which highlight cultural development and stories from the different provinces as well as national news of regional concerns are widely read throughout the Philippines and abroad.

The Manila Bulletin Publishing Corporation has a broad ownership of 2,756 stockholders as of December 31, 2017. We continue to ensure that the corporate profits are being distributed to investors who share our confidence in the operations and potential earnings of the Manila Bulletin.

Sales of our newspapers and magazines are done through agents, dealers, retailers, subscriptions and direct sales. For advertising services, in addition to our main office which is located in Intramuros, Manila, we have 14 branches where our advertisers can go to namely: Manila Bulletin - Makati Avenue, Manila Bulletin – Ortigas, Manila Bulletin – Cubao, Manila Bulletin – West Avenue, Manila Bulletin – Grace Park, Manila Bulletin – Alabang Madrigal Business Park, Manila Bulletin – Cebu, Manila Bulletin – Davao, Manila Bulletin – Naga, Manila Bulletin – Cagayan de Oro, Manila Bulletin – Ilo-ilo, Manila Bulletin – Dumaguete, Manila Bulletin – Santiago and Manila Bulletin – Baguio.

2. The Registrant is not engage in sales to other countries and does not have publicly announced New Product or Service.

3. The principal competitors of the Manila Bulletin are the Philippine Daily Inquirer and the Philippine Star. Manila Bulletin can effectively compete with these publications because of its balanced, responsible, accurate and comprehensive reporting and its policy to publish constructive reports that encourage economic growth to gain prosperity in the country.

As per BusinessWorld Top 1000 Corporations in the Philippines Volume 31; 2017 issue, for the year 2016, Manila Bulletin ranked 698 based on revenues while Philippine Star, ranked 927. Philippine Daily Inquirer was not included in the list of the Top 1000 Corporations published by Businessworld for its 2017 issue.

Being in the business for 117 years and for its continuous search for excellence, Manila Bulletin has maintained its leadership in the newspaper industry with its advertisements, circulation and clientele.

The Registrant is the first in the newspaper industry in the Philippines to go public. Likewise, it is the first among the major broadsheets in the Philippines to put up a website, offer WAP service, mobile access, online classified ads section, 3D pictures and advertisements. Manila Bulletin is the first to offer online booking and payment of classified ads wherein advertisers can place and pay their ads through the internet. Innovations are undertaken to have easy access to our customers as well as our readers. The Manila Bulletin is the pioneer in taking the first giant steps to become the only broadsheet to utilize an integrated approach to a multi- level platform. It prides itself in not just being a newspaper but more so in being a multi – media company, harnessing the power of technology to keep its readers and the market fully informed.

4. Sources and availability of Raw Materials and names of principal suppliers

The main suppliers of the Registrant are UPM - Kymmene Asia Pacific and P and M Korea Corporation for newsprint, Heritage Inks International Corporation and Toyo Ink Corporation for ink and Aboitiz for power. Because of the volume of newsprint, ink, etc. and the quality required, Manila Bulletin buys only from big reliable suppliers that can deliver the volume and quality of materials required. The Company does not have an exclusive or major contract with any of our principal suppliers.

5. The Corporation derives its income from thousands of its advertisers and sells its newspapers and magazines to the public nationwide.

6. The Company does not have any transaction with or dependence on related parties.

7. The Registrant fully complies with environmental laws as evidenced by the permit secured from the Department of Environment and Natural Resources, which will expire on September 3, 2018. There is no material cost involved to comply with the DENR requirement.

8 . As of date of this report, no government approval is needed for any of our principal products or services. Likewise, there are no known probable governmental regulations, which will have direct effect on the business of the Registrant.

9. Amount spent for development activities/ advertising and promotion expenses amounts and percentage to total revenues for the last three years were as follows:

| YEAR | ADS & PROMO EXPENSES | % TO TOTAL REVENUES |
|---|---|---|
| 2017 | 87,160,713 | 3.50% |
| 2016 | 92,664,699 | 3.48% |
| 2015 | 85,915,342 | 2.90% |

10. RISK MANAGEMENT SYSTEM

The Board is responsible for the identification of key risk areas and performance indicators, monitoring these factors with due diligence to enable the Company to anticipate and prepare for possible threats to its operational and financial viability. These include:

| **Risk Exposure** | **Risk Assessment** | **Objective** | **Monitoring and Measurement Process** | **Risk Management and Control (Structures, Procedures, actions Taken)** |
|---|---|---|---|---|
| **Credit Risk** | The Credit Committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and conditions are offered. | Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis. | Submission of monthly reports of credit sales and payments. | Establishment of credit limits and compliance for each customer. |
| **Liquidity Risk** | Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations. This excludes the potential impact of extreme conditions that cannot be reasonably predicted, such as natural disasters. | To be able to meet the Company's financial obligations as they fall due. | Preparation of daily cash position. | Purchase of foreign exchange for importation of materials and supplies covered by peso credit facilities from banks and with insurance coverage. |

| Risk Exposure | Risk Assessment | Objective | Monitoring and Measurement Process | Risk Management and Control (Structures, Procedures, actions Taken) |
|---|---|---|---|---|
| **Market Risk** | The Company's exposure to market risk for changes in interest rates relates primarily to the Company's short-term and long- term debt obligations. The Company's policy is to manage its interest cost using a mix of fixed and variable rate debt. | To manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. | Regular monitoring of interest rates, range as established by the Bangko Sentral ng Pilipinas. | Management of interest cost as determined by the prevailing bank rates. |

*C. DESCRIPTION OF PROPERTY*

Real estate properties owned and leased by the Corporation are as follows:

Real Estate Owned:

| LOCATION | AREA | DESCRIPTION |
|---|---|---|
| Muralla corner Recoletos and Cabildo Streets, Intramuros, Manila | 9,307.00 sqms. | Site of our main office & plant. Also houses 2 state-of-the art printing presses. |
| Cabildo corner San Jose Streets, Intramuros, Manila | 671.10 sqms. | Presently used as newsprint warehouse and parking area |
| Recoletos corner Escuela Streets, Intramuros, Manila | 588.70 sqms. | Manila Bulletin Car Park |
| Rizal Avenue Extension Corner 10th Avenue, Kalookan City | 403.50 sqms. | 2 storey concrete building Grace Park Branch |
| District of Sambag, Cebu City | 2,750.00 sqms. | Purchased for intended branch site |
| 28 West Avenue, Quezon City | 1,170.00 sqms. | Purchased for intended branch site |
| Harvard St., Cubao, Quezon City | 654.50 sqms. | Cubao branch |
| Nuvali Lakeside Ecozone South Phase 2, Block 1, Lot 3, Sta Rosa, Laguna | 2,617.00 sqms. | Not occupied |
| 141 Rizal Street corner C. Bangoy Street, Davao City | 553.00 sqms. | Davao branch ( Lot and Building) |
| Penafrancia Avenue corner Dimasalang, Naga City | 879.00 sqms. | Naga branch ( Lot and Building) |
| Lot 27, Block 9, Phase 1 Royal Tagaytay | 800.00 sqms. | Not occupied |
| Lot 37, Block 40, Splendido, Taal Residential | 299.00 sqms. | Not occupied |
| Maharlika Highway corner Abauag Street, Poblacion, Santiago City | 224.50 sqms. | Santiago City branch ( Lot and Building) |
| Lot 4, Phase 2, Block 13 IL Giardino Residences, Gen.Trias, Cavite | LA – 100 sqms.<br>FA - 70 sqms. | Not occupied ( House and Lot) |
| Lot 4, Block 6 Britanny Portofino Courtyards Alabang Muntinlupa City | .<br>LA – 303 sqms.<br>FA – 249 sqms | Not occupied ( House and Lot) |
| Lot 3, Block 6 Brittany Portofino Courtyards Alabang Muntinlupa City | LA – 333 sqms.<br>FA – 249 sqms. | Not occupied ( House and Lot) |
| Lot 22, Block 5, Phase II Carmel Town Subdv, Canlubang,Laguna | 150.00 sqms. | Not occupied |
| Lot 24, Block 5, Phase II Carmel Town Subdivision, Canlubang, Laguna | 150.00 sqms. | Not occupied |

| LOCATION | AREA | DESCRIPTION |
|---|---|---|
| Lot 28, Block 6, Phase II Carmel Town Subdivision, Canlubang,Laguna | 150.00 sqms. | Not occupied |
| Lot 30, Block 9, Phase II Carmel Town Subdivision, Canlubang, Laguna | 170.00 sqms. | Not occupied |
| Lot 33, Block 9, Phase II Carmel Town Subdivision, Canlubang, Laguna | 170.00 sqms. | Not occupied |
| Lot 33, Block 11, Phase II Carmel Town Subdivision, Canlubang, Laguna | 150.00 sqms. | Not occupied |
| Lot 35, Block 11, Phase II Carmel Town Subdivision, Canlubang, Laguna | 150.00 sqms. | Not occupied |
| Lot 41, Block 11, Phase II Carmel Town Subdivision, Canlubang, Laguna | 150.00 sqms. | Not occupied |
| Lot 7, Block 12, Phase II Carmel Town Subdivision, Canlubang, Laguna | 189.00 sqms. | Not occupied |
| Lot 14, Block 12, Phase II Carmel Town Subdivision, Canlubang, Laguna | 150.00 sqms. | Not occupied |
| Lot 16, Block 12, Phase II Carmel Town Subdivision, Canlubang, Laguna | 150.00 sqms. | Not occupied |
| Lot 22, Block 12, Phase II Carmel Town Subdivision, Canlubang, Laguna | 150.00 sqms. | Not occupied |
| Lot 24, Block 12, Phase II Carmel Town Subdivision, Canlubang, Laguna | 150.00 sqms. | Not occupied |
| Lot 30, Block 12, Phase II Carmel Town Subdivision, Canlubang, Laguna | 150.00 sqms. | Not occupied |
| Lot 31, Block 12, Phase II Carmel Town Subdivision, Canlubang, Laguna | 150.00 sqms. | Not occupied |
| Lot 39, Block 12, Phase II Carmel Town Subdivision, Canlubang, Laguna | 150.00 sqms. | Not occupied |
| Lot 42, Block 12, Phase II Carmel Town Subdivision, Canlubang, Laguna | 150.00 sqms. | Not occupied |
| Lot 10, Block 13, Phase II Carmel Town Subdivision, Canlubang,Laguna | 150.00 sqms. | Not occupied |
| Lot 12, Block 13, Phase II Carmel Town Subdivision, Canlubang, Laguna | 150 sqms. | Not occupied |
| Lot 18, Block 13, Phase II Carmel Town Subdivision, Canlubang, Laguna | 150 sqms. | Not occupied |
| Lot 20, Block 13, Phase II Carmel Town Subdivision, Canlubang, Laguna | 150 sqms. | Not occupied |

| LOCATION | AREA | DESCRIPTION |
|---|---|---|
| Lot 12, Block 2, Bo. Rosario Subdv., Iligan City | 180.00 sqms. | Not occupied |
| Lot 9, Block 2, Bo. Rosario Subdv. Iligan City | 180.00 sqms. | Not occupied |
| Lot 11 Block 2, Bo. Rosario Subdv. Iligan City | 180.00 sqms. | Not occupied |

Condominiums Owned:

| LOCATION | AREA | DESCRIPTION |
|---|---|---|
| Unit 107-A & Unit 106-B, Atrium of Makati Building, Makati Avenue, Makati City | 55.25 sqms. | Used as Manila Bulletin Makati Branch Office |
| Condominium 104, South Center Tower- 2206 Market Street, Madrigal Business Park, Alabang, Muntinlupa City | 138.82 sqms. plus 2 parking slots | Used as Manila Bulletin Alabang Branch Office |
| Robinsons East of Galleria Bldg., Unit 110, Topaz Street, Ortigas Center, Pasig City | 110.72 sqms. | Used as Ortigas Branch Office |

Leased Properties for Manila Bulletin Branches:

| LOCATION | AREA | MONTHLY RENTAL | EXPIRY OF LEASE |
|---|---|---|---|
| West Avenue Branch, 106 Ground Floor, Delta Building, West Avenue, Quezon City | 112.00 sqms. | P110,809.16 | July 31, 2019 |
| Cebu City Branch, D. Jacosalem Street, near Espana Street, PARI-AN, Cebu City | 489.00 sqms. | P 20,000.00 | December 31, 2018 |
| Iloilo Branch, Quezon corner Delgado Streets, Iloilo City | 250.00 sqms. | P143,053.56 | June 15, 2019 |
| Cagayan de Oro Branch S. Osmena corner Ramonal Cogon, Cagayan de Oro City | 66.76 sqms. | P 31,635.02 | December 31, 2018 |
| Baguio City Branch 102-AB, EGI Albergo di Feffoca Condominium No. 1 Villamor Drive, Brgy. Lualhati, Baguio City | 106.67 sqms. | P 33,459.89 | December 31, 2018 |

Major Machinery and Equipment Owned

| TYPE OF MACHINE/ EQUIPMENT | LOCATION |
|---|---|
| Mitsubishi Tower Presses | Manila Bulletin Building, Muralla corner Recoletos Streets, Intramuros, Manila |
| Goss Headliner Offset Machines | Manila Bulletin Building, Muralla corner Recoletos Streets, Intramuros, Manila |
| Speed Master 5 Colors Offset Press | Manila Bulletin Building, Muralla corner Recoletos Streets, Intramuros, Manila |
| Heidelberg Offset Machine | Manila Bulletin Building, Muralla corner Recoletos Streets, Intramuros, Manila |
| Mailroom Equipment | Manila Bulletin Building, Muralla corner Recoletos Streets, Intramuros, Manila |

| TYPE OF MACHINE/ EQUIPMENT | LOCATION |
|---|---|
| Strapping Machine | Manila Bulletin Building, Muralla corner Recoletos Streets, Intramuros, Manila |
| Ferag Post Press System | Manila Bulletin Building, Muralla corner Recoletos Streets, Intramuros, Manila |
| Coating Machine | Manila Bulletin Building, Muralla corner Recoletos Streets, Intramuros, Manila |
| Komori L- 540 | Manila Bulletin Building, Muralla corner Recoletos Streets, Intramuros, Manila |

Conditions of Major Machinery & Equipment Owned

All major machinery and equipment as listed above are in good running condition, properly maintained and currently utilized in printing our newspapers and magazines.

Plans of Major Acquisitions of Properties

The Company has no plan for major acquisitions of properties within the next twelve (12) months.

*D. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDERS' MATTERS*

Market Information

The Company's shares of stocks is listed and traded at the Philippine Stock Exchange. High and low sales prices for each quarter in 2017 and 2016 are as follows:

| | HIGH | | LOW | |
|---|---|---|---|---|
| QUARTER | 2017 | 2016 | 2017 | 2016 |
| First | N.A. | 0.54 | N.A. | 0.53 |
| Second | 0.68 | 0.60 | 0.61 | 0.58 |
| Third | 0.57 | 0.59 | 0.55 | 0.58 |
| Fourth | 0.55 | N.A. | 0.54 | N.A. |

As of the last trading date, for the first quarter of 2018, high and low sales prices registered at P0.53 and P0.50 respectively. As of May 29, 2018, sales prices were at a high of P0.50 and a low of P0.46.

Holders

As of May 31, 2018, the total number of the Registrant's Shareholders is 2,756.

All of the Company's Shares of Stocks are common shares with equal voting rights and privileges.

The Top 20 Shareholders as of May 31, 2018 are as follows :

| RANK | SHAREHOLDER | AMOUNT | PERCENTAGE |
|---|---|---|---|
| 1 | U S AUTOMOTIVE CO. INC. | 1,883,738,105.00 | 54.347% |
| 2 | USAUTOCO INC. | 811,225,930.00 | 23.404% |
| 3 | MENZI TRUST FUND INC. | 292,632,568.00 | 8.443% |
| 4 | PCD NOMINEE CORPORATION | 178,895,588.86 | 5.161% |
| 5 | EVERGREEN STOCKBROKERAGE & SEC., INC. | 135,807,290.00 | 3.918% |

| | | | |
|---|---|---|---|
| 6 | UY, WILLIAM CARLOS | 9,089,117.00 | 0.262% |
| 7 | CHUNG BUNSIT | 6,217,122.00 | 0.179% |
| 8 | MIRIAM C. CU | 5,493,332.00 | 0.158% |
| 9 | ANITA S. REGALADO- DALAKOURAS | 4,544,562.00 | 0.131% |
| | CHUA, FRANCISCO C. | 4,544,562.00 | 0.131% |
| 10 | TAN, TEODORA D. | 4,544,561.00 | 0.131% |
| 11 | CHING, RICHARD | 3,326,332.00 | 0.096% |
| 12 | YAP, BASILIO C. | 2,851,890.00 | 0.082% |
| 13 | YAP, BENJAMIN C. | 2,564,182.00 | 0.074% |
| | YAP-GAW, ROSALINDA C. | 2,564,182.00 | 0.074% |
| 14 | MAKATI SUPERMARKET CORPORATION | 2,272,281.00 | 0.066% |
| | UNIMART INC. | 2,272,281.00 | 0.066% |
| 15 | CARLOS UY CORPORATION | 1,817,826.00 | 0.052% |
| | LEE, EDWARD A. | 1,817,826.00 | 0.052% |
| | SY, JIMMY | 1,817,826.00 | 0.052% |
| 16 | MICHAEL ANGELO P & /OR BIENVENIDO U. LIM | 1,802,026.00 | 0.052% |
| 17 | YAP,JR., ENRIQUE Y. | 1,365,544.00 | 0.039% |
| 18 | JOHNNY K. CHOA | 1,326,547.00 | 0.038% |
| 19 | O LEDESMA & CO., INC. | 1,195,560.00 | 0.034% |
| 20 | GOLDCLASS INC. | 1,183,319.00 | 0.034% |

E. There is no matter submitted which is not required for submission.

F. MANPOWER COMPLEMENT

As part of our cost reduction program, total number of officers and employees at year end totaled 436 lower by 12 from the previous year of 448. Fifteen (15) employees retired; fifty four (54) employees resigned. Fifty seven (57) new employees were hired as a result of promotions to officer and supervisory positions during the year.

| TYPE OF EMPLOYEE | 2017 | 2016 |
|---|---|---|
| Officers & Supervisors | 109 | 109 |
| Regular employees | 292 | 319 |
| Probationary employees | 35 | 20 |
| Totals | 436 | 448 |

Premium rates for health coverage in 2017 remained the same as in 2016. Cash payments for health coverage reached a total of P5.50 million.

Management and the Bulletin Progressive Union signed a five year collective bargaining agreement for the period July 01, 2017 to July 01, 2022.

Item 2. DIRECTORS AND OFFICERS

Please refer to pages 7 – 13 of the Information Statement.

Item 3. MANAGEMENT DISCUSSION AND ANALYSIS

*A. First Quarter 2018 Compared to First Quarter 2017*

Gross revenue for the first quarter of 2018 decreased by P6.160 million or 1.08% as compared with that of the same quarter last year. The said decrease was brought about by the decrease in Advertising revenue of P3.310 million and Circulation revenue of P3.040 million. Other income went up by P0.191 million over last year's performance.

Total Cost and expenses went down by P1.206 million, though Cost of printing and materials used went up by P7.566 million or 2.28% , total operating expenses went down by P8.773 million or 4.036% over last year of the same quarter. Net income decreased by P4.285 million or 51.63% over last year's results of operations for the same period.

Provision for income tax for the first quarter of 2018 amounted to P1.567 million lower by P1.844 million or 54.05 % over the same quarter last year.

Percentage of net profit to stockholders equity for the first quarter was computed at 0.11%

Trade and other receivables as of March 31, 2018 decreased by 0.58% as compared with December 31, 2017 balance. Included in Trade receivable account are receivable from exchange deal transactions amounting to P114.526 million.

Net decrease in total assets of P23.501 million as of March 31, 2018 as compared with the audited figures as of December 31, 2017 can be accounted for as follows:

Decrease in trade receivable due to the systematic and effective collection effort of the Company. Payment of trade and other payables

There is no significant element of income or loss that did not arise from the issuer's continuing operations.

The net worth of the Corporation as of March 31, 2018 is P3,564.99 million with paid in capital of P3,475.46 million , net retained earnings of P196.91 million and accumulated remeasurement losses on retirement benefit plan of P91.04 million less P16.35 million cost of treasury stock.

The Registrant employs various Performance/ Financial Soundness Indicators to measure the effectiveness on the use of its resources in the Company's business operations.
These are as follows:

| | PERFORMANCE/FINANCIAL SOUNDNESS INDICATORS | First Quarter 2018 | First Quarter 2017 |
|---|---|---|---|
| 1. | Current Ratio – Current Assets / Current Liabilities (Liquidity ratio – ability to meet short term obligations) | 2.0721: 1 | 1.8572:1 |
| 2. | Return on Assets – Net Income / Total Assets (Effectiveness in the use of assets to generate profits ) | 0.0007 | 0.0014 |
| 3. | Return on Equity - Net Income / Stockholders' Equity (Measures the profits earned for each peso invested in the company's stocks ) | 0.0011 | 0.0023 |
| 4. | Gross Profit Margin – Gross Profit / Sales (Measures gross profit earned on sales) | 0.3680 | 0.3893 |

| | PERFORMANCE/FINANCIAL SOUNDNESS INDICATORS | First Quarter 2018 | First Quarter 2017 |
|---|---|---|---|
| 5. | Debt Ratio – Total Liabilities / Total Assets (Indicator of the long term solvency of the Company) | 0.4174:1 | 0.4229:1 |
| 6. | Solvency Ratio ( Debt to Equity Ratio) ( Total Liabilities / Total Equity – measures the ability to pay financial Obligation) | 0.7164:1 | 0.7329:1 |
| 7. | Assets to Equity Ratio – Total Assets / Total Equity ( measures the long term solvency of the Company) | 1.7164:1 | 1.7329:1 |
| 8. | Interest Coverage Ratio- Income before Interest and taxes / Interest Expense ( measures the ability to pay interest on outstanding Debt) | 1.4533:1 | 2.0513:1 |
| 9. | Operating Profit Margin – Earnings before interest and Taxes / Net Sales ( measures the overall operating efficiency of the Co.) | 0.0316 | 0.0420 |
| 10. | Net Profit Margin – Net Income / Net Sales ( measures how much of each sales shows up as net income) | 0.0071 | 0.0153 |

*Current Ratio*

The current ratio of the Company as of March 31, 2018 was at 2.0721: 1, higher than last year's 1.8572:1. This is an indicator of the financial capability of the Company to meet its short term obligations. This is arrived at by dividing Current Assets over Current Liabilities.

*Return on Assets*

Return on Assets will measure the effectiveness in the use of the total assets of the Company to generate profit. This is computed by dividing Net Income over the Total assets of the Company. For the first quarter of 2018, return on Assets was computed at 0.0007 while in 2017 was at 0.0014.

*Return on Equity*

Return on Equity will measure the profits earned for each peso invested in the Company's stocks. For the first quarter of 2018 return on equity was computed at 0.0011 as compared with last year's return of .0023. Return on equity can be obtained by dividing net Income by Total Stockholders' Equity.

*Gross Profit Margin*

The Company's gross profit margin decreased by 5.47% over last year of the same quarter's gross profit margin. The increase in cost of printing materials used in the first quarter was computed at P7.566 million or 2.28% over last year of the same quarter. The gross profit margin was computed by dividing Gross Profit over Net Sales. Gross Profit was arrived at by deducting Cost of Printing from Net Sales. This will give us the percentage earned in investing on the amount of printing cost.

*Debt Ratio*

Debt ratio as of March 31, 2018 was computed at 0.4174: 1 as compared with 0.4229:1 last year. Debt ratio was computed by dividing total liabilities over the Total assets of the Company. The debt ratio is an indicator of the long term solvency of the Company.

*Solvency Ratio*

Solvency ratio as of March 31, 2018 registered at 0.7164: 1 as compared with last year's ratio of 0.7329: 1. This was arrived at by dividing Total Liabilities by Total Equity of the Registrant. This ratio is an indicator of the relative proportion of shareholders' equity and total liabilities used to finance the Company's assets. This measures the Company's ability to borrow and repay such.

*Assets to Equity Ratio*

Assets to Equity ratio was computed at 1.7164:1 as of March 31, 2018 as compared to 1.7329: 1 last year. This measures the financial leverage and long term solvency of the Company.

*Interest Coverage Ratio*

Interest coverage ratio determines how easily a company can pay interest on outstanding debt. This is arrived at by dividing the Company's income before interest and taxes by the Company's interest expense for the same period. Interest coverage ratio of the Company for the first quarter of 2018 is 1.4533:1 as compared with last year's 2.0513:1.

*Operating Profit Margin*

Operating Profit Margin is a measure of the overall operating efficiency, incorporating all of the expenses of ordinary, daily business activity. This is calculated by dividing Earnings before interest and taxes by the Net Sales of the Company. Operating Profit Margin of the Registrant for the first quarter of 2018 was at 0.0316 while last year's operating profit margin is at 0.0420.

*Net profit Margin*

This shows us how much of each sales shows up as net income after all expenses are paid. This is calculated by dividing Net Profit after Interest and Taxes by Net Sales. The Net Profit Margin of the Company for the first quarter of 2018 was at 0.0071 while in last year of the same quarter was at 0.0153.

Due to the intensified collection efforts / programs of the Company, comparing trade and other receivables account balance as of March 31, 2018 with that of December 31, 2017, it registered a net decrease of P10.095 million.

Bills or trust receipts payable account increased by P20.764 million or 25.07% over last year of the same period. This pertains to importation of printing materials such as paper, ink and supplies which are usually payable in 180 days.

There are no known trends, demands, commitments, events or uncertainties known to management that would have an impact on the Company's liquidity.

The Registrant does not know of any event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
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.

The Company does not know of any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures

The Registrant does not know of trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/ revenues/ income from continuing operations.

There are no significant elements of income or loss that did not arise from the issuer's continuing operations.

The Company did not enter into any contracts of merger, consolidation of joint venture, contract management, licensing, marketing, distributorship, technical assistance or similar agreements.

The Company did not offer rights or grant Stock Options and corresponding plans there for.

The Company does not know of any information, event or happening that may affect the market price of its security.

There was no transferring of assets made except in normal course of business.

And lastly, the Registrant has no knowledge of any seasonal aspects that had a material effect on the financial condition or results of operations.

*B. Calendar Year 2017 Compared to Calendar Year 2016*

Manila Bulletin's gross revenue from advertising and circulation amounted to P2,142,006,441, lower by P406,542,721 or 15.95% over 2016 while total gross revenues and other income amounted to P2,260,821,933 which was P403,540,206 or 15.15% lower than last year.

Cost and expenses totaled P2,148,019,663 lower by P418,426,071 or 16.30% lower than last year. Total cost and expenses represents 95.01% of gross revenues. Cost of printing and materials used accounted for 63.98% of total expenses, higher than 67.60% in 2016.

Provision for income tax for the year amounted to P14,204,920, higher by P1,191,422 or 9.16% from the previous year.

Net income before Comprehensive Income (Loss) of the Corporation amounted to P49,866,907. This represents 2.21% of total revenues for the year. Earnings per share for 2017 was computed at PP0.014 as compared to P0.013 in 2016 and P0.020 in 2015. Percentage of Net Income before Comprehensive Income (Loss) to Stockholders' equity was 1.40% in 2017 and 1.21% in 2016.

As of December 31, 2016, Current Assets to Current Liabilities ratio were 2.04: 1 as compared to 1.64: 1 for the same period last year.

There is no significant element of income or loss that did not arise from the issuer's continuing operations.

Total assets of the Company went down by P411,492,889.00 or 6.28% as compared with last year's figures.

As of December 31, 2017, the Registrant's Total Asset to Equity Ratio was computed at 1.72: 1 while in 2016 of the same period was at 1.86: 1.
The net worth of the Corporation as of yearend of 2017 is P3,560,972,226 with paid up capital of P3,475,463,722 and retained earnings of P101,856,481 less P16,347,977 cost of treasury stock.

The Company came up with various ratios, which the Company considers to be key performance indicators and these are as follows:

| PERFORMANCE/FINANCIAL SOUNDNESS INDICATORS | Year End 2017 | Year End 2016 |
|---|---|---|
| Current Ratio<br>Current Assets / Current Liabilities ( Liquidity Ratio – Ability to meet short term obligations) | 2.0393: 1 | 1.6355:1 |
| Return on Assets<br>Net Income/ Total assets ( Effectiveness in the use of assets to generate profits) | 0.0081 | 0.0065 |
| Return on Equity<br>Net Income/ Stockholders' Equity ( Measures the profits earned for each peso invested in the Company's stocks) | 0.0140 | 0.0121 |
| Gross Profit Margin<br>Gross Profit / Sales ( Measures gross profit earned on sales) | 0.3921 | 0.3488 |
| Debt Ratio<br>Total Assets / Total Liabilities ( Indicator of Long Term Solvency of the Company) | 2.3794:1 | 2.1654:1 |

*Current or Liquidity Ratio*

This is an indicator of the Company's readiness to meet its obligations. The Company's exposure relates to its debt obligations to banks, suppliers of printing materials and services and to government regulating and taxing authorities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company practices resourcefulness and efficiency in its cash management. A well coordinated and effective collection of receivables are now in place so as to meet the Company's cash flow requirements. Likewise, it optimizes cash returns on investments, specifically on the Registrant's modern machinery. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains credit lines with certain local banks.

As of December 31, 2017, total current assets amounted to P3,225,334,457 while total current liabilities was computed at P1,581,551,188.

*Return on assets*

Return on Assets is an indicator of effectiveness in the management or use of the Company's Assets to generate profit. For the calendar year 2017, net income before other comprehensive income (loss) registered at P49,866,907 while total assets used to generate such income totaled to P6,142,523,414.

*Return on Equity*

Return on Equity measures the profit earned for each peso invested in the Company's stocks. For the year 2017, net income before other comprehensive income (loss) generated was at P49,866,907 while total equity was at P 3,560,972,226.

*Gross Profit Margin*

Gross Profit earned amounted to P886,471,828. This represented 39.21% of the company's Gross Revenue of P2,260,821,933.

*Debt Ratio*

Total Assets of the Registrant amounted to P6,142,523,414 as against its total liabilities of P2,581,551,188 or 2.3794: 1 Debt Ratio. This is an indication of the long term solvency of the Company.

The decrease in Trade and other receivables of 14.45% represents effective credit and collection policies of the Registrant. Likewise, well – organized collective effort in monitoring and collecting due accounts were undertaken.

Inventories went down by 3.67% as compared with that in 2016. Consumption of printing costs such as newsprint, ink and press supplies were high in the last quarter of 2017.

Trust receipts payable account decreased by 31.84% this year as compared to last year's balance. This account is usually payable in 180 days.

The Company did not enter into any contracts of merger, consolidation of joint venture, contract management, licensing, marketing, distributorship, technical assistance or similar agreements.

The Company did not offer rights or grant Stock Options and corresponding plans therefore.

The Company does not know of any information, event or happening that may affect the market price of its security.

There was no transferring of assets made except in normal course of business.

There are no known trends, demands, commitments, events or uncertainties known to management that would have an impact on the Company's liquidity.

The Registrant does not know of any event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

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 reported period.

Likewise, The Company does not know of any material commitments for capital expenditures, known trends, events or uncertainties that have had or that are reasonably expected to have a material impact whether favorable or unfavorable impact on net sales/ revenues/ income from continuing operations.

And lastly, the Registrant has no knowledge of any seasonal aspects that had a material effect on the financial condition or results of operations.

*C. Calendar Year 2016 Compared to Calendar Year 2015*

Manila Bulletin's gross revenue from advertising and circulation amounted to P2,548,549,162, lower by P257,412,411 or 9.17% over 2015 while total gross revenues and other income amounted to P2,664,362,139 which was P248,820,133 or 8.54% lower than last year.

Cost and expenses totaled P2,566,445,734 lower by P265,105,508 or 9.36% lower than last year. Total cost and expenses represents 96.32% of gross revenues. Cost of printing and materials used accounted for 67.60% of total expenses, higher than 64.77% in 2015.

Provision for income tax for the year amounted to P13,013,498 lower by P8,487,138 or 39.47% from the previous year.

Net income before Comprehensive Income (Loss) of the Corporation amounted to P42,529,109. This represents 1.60% of total revenues for the year. Earnings per share for 2016 was computed at P0.012 as compared to P0.020 in 2015 and P0.030 in 2014. Percentage of Net Income before Comprehensive Income (Loss) to Stockholders' equity was 1.21% in 2016 and 1.72% in 2015.

As of December 31, 2016, Current Assets to Current Liabilities ratio were 1.6355 : 1 as compared to 1.5098:1 for the same period last year.

There is no significant element of income or loss that did not arise from the issuer's continuing operations.

Total assets of the Company went down by P25,322,432 or 0.38% as of December 31, 2016 as compared with last year.

As of December 31, 2016, the Registrant's Total Asset to Equity Ratio was computed at 1.8581: 1 while in 2015 of the same period it was computed at 1.8867:1.

The net worth of the Corporation as of yearend of 2016 is P3,527,303,816 with paid up capital of P3,475,463,722 and retained earnings of P68,188,071 less P16,347,977 cost of treasury stock.

The Company came up with various ratios, which the Company considers to be key performance indicators and these are as follows:

| PERFORMANCE/FINANCIAL SOUNDNESS INDICATORS | Year End 2016 | Year End 2015 |
|---|---|---|
| Current Ratio<br>Current Assets / Current Liabilities ( Liquidity Ratio – Ability to meet short term obligations) | 1.6355:1 | 1.5098:1 |
| Return on Assets<br>Net Income/ Total assets ( Effectiveness in the use of assets to generate profits) | 0.0061 | 0.0094 |
| Return on Equity<br>Net Income/ Stockholders' Equity ( Measures the profits earned for each peso invested in the Company's stocks) | 0.0113 | 0.0178 |
| Gross Profit Margin<br>Gross Profit / Sales ( Measures gross profit earned on sales) | 0.3192 | 0.3464 |
| Debt Ratio<br>Total Assets / Total Liabilities ( Indicator of Long Term Solvency of the Company) | 2.1654:1 | 2.1278:1 |

*Current or Liquidity Ratio*

This is an indicator of the Company's readiness to meet its obligations. The Company's exposure relates to its debt obligations to banks, suppliers of printing materials and services and to government regulating and taxing authorities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company focuses on cash sales transactions and effective collection of receivables so as to meet its cash flow requirements. Likewise, it optimizes cash returns on investments, specifically on the Registrant's modern machinery. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains credit lines with certain local banks.

As of December 31, 2016, total current assets amounted to P3,543,589,207 while total current liabilities was computed at P2,166,712,487.

*Return on assets*

Return on Assets is an indicator of effectiveness in the management or use of the Company's Assets to generate profit. For the calendar year 2016, net income registered at P40,022,763 while total assets used to generate such income totaled to P6,554,016,303.

*Return on Equity*

Return on Equity measures the profit earned for each peso invested in the Company's stocks. For the year 2016, net income generated was at P40,022,763 while total equity was at P 3,527,303,816.

*Gross Profit Margin*

Gross Profit earned amounted to P813,611,837. This represents 31.92% of the company's Gross Revenue of P2,548,549,162.

*Debt Ratio*

Total assets of the Registrant amounted to P6,554,016,303 as against its total liabilities of P3,026,712,487 or 2.1654: 1 Debt Ratio. This is an indication of the long term solvency of the Company.

The decrease in Trade and other receivables of 3.82% represents effective credit and collection policies of the Registrant. Likewise, collective effort in monitoring and collecting due accounts were done.

Inventories went up by 2.84% as compared with that in 2015. There was a buildup of Inventory of printing materials towards the last quarter of the year, in anticipation of higher prices due to increasing Dollar to Peso exchange rate.

Trust receipts payable account decreased by 35.28% this year as compared to last year's balance. This account is usually payable in 180 days.

The Company did not enter into any contracts of merger, consolidation of joint venture, contract management, licensing, marketing, distributorship, technical assistance or similar agreements.

The Company did not offer rights or grant Stock Options and corresponding plans therefore.

The Company does not know of any information, event or happening that may affect the market price of its security.

There was no transferring of assets made except in normal course of business.

There are no known trends, demands, commitments, events or uncertainties known to management that would have an impact on the Company's liquidity.

The Registrant does not know of any event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

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 reported period.

Likewise, The Company does not know of any material commitments for capital expenditures, known trends, events or uncertainties that have had or that are reasonably expected to have a material impact whether favorable or unfavorable impact on net sales/ revenues/ income from continuing operations.

And lastly, the Registrant has no knowledge of any seasonal aspects that had a material effect on the financial condition or results of operations.

*D. Calendar Year 2015 Compared to Calendar Year 2014*

Manila Bulletin's gross revenue from advertising and circulation amounted to P2,805,961,573, higher by P66,274,062 or 2.42% over 2014. Total gross revenues and other income reached P2,913,182,272 which was P89,066,801, 3.15% higher than last year.

Cost and expenses totaled P2,831,551,242 higher by P119,245,906 or 4.40% over last year. Total cost and expenses represents 97.20% of gross revenues. Cost of printing and materials used accounted for 64.57% of total expenses, higher than 63.57% in 2014.

Provision for income tax for the year amounted to P21,500,636 lower by P3,970,535 or 15.59% from the previous year.

Net income before Comprehensive Income (Loss) of the Corporation amounted to P60,130,394. This represents 2.06% of total revenues for the year. Earnings per share for 2015 was computed at P0.02 as compared to P0.03 in 2014 and P0.04 in 2013. Percentage of Net Income before Comprehensive Income (Loss) to Stockholders' equity was 1.72% in 2015 and 2.52% in 2014.

As of December 31, 2015, Current Assets to Current Liabilities ratio were 1.5098 : 1 as compared to 1.3180:1 for the same period last year.

There is no significant element of income or loss that did not arise from the issuer's continuing operations.

Total assets of the Company went down by P42,400,903 or 0.64% as of December 31, 2015 as compared last year.

As of December 31, 2015, the Registrant's Total Asset to Equity Ratio was computed at 1.8867: 1 while in 2014 of the same period it was computed at 1.9332:1.

The net worth of the Corporation as of yearend of 2015 is P3,487,281,053 with paid up capital of P3,374,508,215 and retained earnings of P129,120,815 less P16,347,977 cost of treasury stock.

The Company came up with various ratios, which the Company considers to be key performance indicators and these are as follows:

| PERFORMANCE/FINANCIAL SOUNDNESS INDICATORS | Year End 2015 | Year End 2014 |
|---|---|---|
| Current Ratio<br>Current Assets / Current Liabilities ( Liquidity Ratio – Ability to meet short term obligations) | 1.5098:1 | 1.3180:1 |
| Return on Assets<br>Net Income/ Total assets ( Effectiveness in the use of assets to generate profits) | 0.0094 | 0.0111 |
| Return on Equity<br>Net Income/ Stockholders' Equity ( Measures the profits earned for each peso invested in the Company's stocks) | 0.0178 | 0.0215 |
| Gross Profit Margin<br>Gross Profit / Sales ( Measures gross profit earned on sales) | 0.3464 | 0.3707 |
| Debt Ratio<br>Total Assets / Total Liabilities ( Indicator of Long Term Solvency of the Company) | 2.1278:1 | 2.0716:1 |

*Current or Liquidity Ratio*

This is an indicator of the Company's readiness to meet its obligations. The Company's exposure relates to its debt obligations to banks, suppliers of printing materials and services and to government regulating and taxing authorities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company focuses on cash sales transactions and effective collection of receivables so as to meet its cash flow requirements. Likewise, it optimizes cash returns on investments, specifically on the Registrant's modern machinery. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains credit lines with certain local banks.

As of December 31, 2015, total current assets amounted to P3,543,611,839 while total current liabilities was computed at P2,347,057,682.

*Return on assets*

Return on Assets is an indicator of effectiveness in the management or use of the Company's Assets to generate profit. For the calendar year 2015, net income registered at P62,051,327 while total assets used to generate such income totaled to P6,579,338,735.

*Return on Equity*

Return on Equity measures the profit earned for each peso invested in the Company's stocks. For the year 2015, net income generated was at P62,051,327 while total equity was at P 3,487,281,053.

*Gross Profit Margin*

Gross Profit earned amounted to P971,972,510. This represents 34.64% of the Company's Gross Revenue of P2,805,961,573.

*Debt Ratio*

Total assets of the Registrant amounted to P6,579,338,735 as against its total liabilities of P3,092,057,682 or 2.1278: 1 Debt Ratio. This is an indication of the long term solvency of the Company.

The increase in Trade and other receivables of .03% represents more ad placements towards the last quarter of 2015 which were generally on a 60 day term. Likewise, more provincial dealers were opened, although these were all covered by post-dated checks.

Inventories went up by 8.74% as compared with that in 2014. There was a buildup of Inventory of printing materials towards the last quarter of the year, in anticipation of more campaign ads due to the 2016 national and local elections.

Trust receipts payable account decreased by 4.48% this year as compared to last year's balance. This account is usually payable in 180 days.

The Company did not enter into any contracts of merger, consolidation of joint venture, contract management, licensing, marketing, distributorship, technical assistance or similar agreements.

The Company did not offer rights or grant Stock Options and corresponding plans therefore.

The Company does not know of any information, event or happening that may affect the market price of its security.

There was no transferring of assets made except in normal course of business.

There are no known trends, demands, commitments, events or uncertainties known to management that would have an impact on the Company's liquidity.

The Registrant does not know of any event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

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 reported period.

Likewise, The Company does not know of any material commitments for capital expenditures, known trends, events or uncertainties that have had or that are reasonably expected to have a material impact whether favorable or unfavorable impact on net sales/ revenues/ income from continuing operations. And lastly, the Registrant has no knowledge of any seasonal aspects that had a material effect on the financial condition or results of operations.

*E. Prospects for year 2018*

Manila Bulletin has consistently pursued improvements and innovations by adopting an integrated process in its accumulation and dissemination of news and features through varied multi-media platforms.

By incorporating the use of digital and mobile devices, Manila Bulletin continues to offer its readers simpler access to news and information, while faithfully adhering to the established standards of accuracy and truthfulness in journalism. Manila Bulletin remains steadfast in its undertaking to utilize the power of technology and the developing field of digital marketing services in catering to the diverse requirements and needs of our readers and advertisers.

Manila Bulletin's dynamic presence in social media platforms is our fast growing avenue to connect with more people at different localities in round-the-clock fashion. As our online edition (www.mb.com.ph) offers the latest domestic and worldwide news, our social media section in turn utilizes all significant multi-media platforms – Twitter, Facebook, Instagram, Viber, Spotify – to reach an ever-expanding audience of readers and followers.

Manila Bulletin confirms and affirms its dedication to the stability of our nation's political and economic spectrum, by maintaining its resolute advocacy to be the leading "Exponent of Philippine Progress."

Item 4. MARKET INFORMATION

A. Market Information ( Refer to Item 1 - D, page 24 )

Tabulation of number of stockholders of Common shares as of May 10, 2018 as provided by our Transfer Agent, Rizal Commercial Banking Corporation are as follows:

| No. Of Stock Holders | Holders of | To | Shares/Lots | Number Of Shares |
|---|---|---|---|---|
| 79 | 1 | to | 100 | 1,410.93 |
| 73 | 101 | to | 500 | 19,482.00 |
| 63 | 501 | to | 1,000 | 45,980.80 |
| 423 | 1,001 | to | 5,000 | 1,282,083.97 |
| 395 | 5,001 | to | 10,000 | 3,336,543.50 |
| 1,308 | 10,001 | to | 50,000 | 29,762,644.07 |
| 214 | 50,001 | to | 100,000 | 15,918,699.97 |
| 137 | 100,001 | to | 500,000 | 28,347,484.50 |
| 26 | 500,001 | to | 1,000,000 | 19,500,776.40 |
| 22 | 1,000,001 | to | 5,000,000 | 50,438,890.52 |
| 3 | 5,000,001 | to | 10,000,000 | 24,630,889.00 |
| 5 | Over 50,000,000 | | | 3,302,178,833.86 |
| 2,748 Total Stockholders | | | TOTAL SHARES | 3,475,463,719.52 |

B. Dividends

| Year | Kind | Amount | Rate | Record Date |
|---|---|---|---|---|
| 2017 | - | - | - | - |
| 2016 | Stock | P100,955,507 | 03.0000% | August 05, 2016 |
| 2015 | Stock | P 98,015,055 | 03.0000% | August 07, 2015 |
| 2014 | Stock | P 95,160,248 | 03.0000% | August 08, 2014 |
| 2013 | Stock | P151,048,012 | 05.0000% | September 02, 2013 |

Total stock and cash dividends distributed to stockholders of record to date amount to 835.0779% of par value since Manila Bulletin went public on April 18, 1990.

As of December 31, 2017, out of its authorized capital of 6 billion shares, 3,466,138,072 shares are issued and outstanding and 9,324,650 shares are treasury stock, a total of 3,475,463,722 shares.

There were no restrictions as to the limit of payment of dividend on Common shares. Likewise, the Company did not sell any unregistered or exempt securities.

C. Recent Sales of Unregistered or Exempt Securities, Including recent Issuance of Securities Constituting an Exempt Transaction.

For the past three (3) years the Registrant has not sold securities which were not registered under the Code. There were no sales of reacquired securities, as well as securities issued in exchange for property, service and other securities, resulting from the modification of outstanding securities.

## Item 5. CHANGES AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Company's financial statements for the year 2017 was audited by Mendoza, Querido & Co. *(A member firm of Moore Stephens International Limited)* with SEC Accreditation No. 0268-FR-1( Group A) March 2, 2017 valid until March 1, 2020. In compliance with SEC Memorandum Circular No. 13, Series of 2009, regarding Group A SEC Accreditation of both the accounting firm and the signing partner, the Board of Directors as nominated and recommended by the Audit Committee approved the appointment of Mendoza, Querido & Co. as the Registrant's external auditor and Mr. Richard S. Querido as signing partner for the year 2017. The Company has no disagreements with the said firm or auditor with regards to accounting and financial disclosures for the year under review.

## Item 6. EXTERNAL AUDIT FEES AND SERVICES

In compliance with SRC Rule 68 and 68.1 No. 4 bI; b II (1) as amended, on Qualifications of Independent Auditors, upon the recommendation of the Audit Committee, the Board of Directors of the Registrant in its Special Meeting unanimously resolved the appointment of Mendoza, Querido & Co. as the Registrant's auditing firm with SEC Accreditation No. 0268-fr-1 ( Group A) and Mr. Richard S. Querido as the signing partner with SEC accreditation No. 1319-AR-1 ( Group A), both with expiry date on March 1, 2020. The Company has no disagreements with the said firm or auditor with regards to accounting and financial disclosures for the year 2017.

The SEC accreditation of the Registrant's former Auditing firm, Mangay-Ayam, Lim & Co. and signing partner, Mr. Rodrigo M. Mangay-Ayam , is still pending to date.

Audit fee of our external auditors for the year 2017 amounted to P823,200.00. Breakdown are as follows: Professional fee for yearend audit of P700,000,00 out of pocket expenses of P35,000 and VAT of P88,200.00. The said fee covered audit work, preparation of year - end audited financial statements and Income Tax Return for the period ended, December 31, 2017. For the year 2016, audit fee amounted to a total amount of P551,811.00. Breakdown are as follows : professional fee of P446,430.00, out of pocket expenses of P46,258.00 and VAT of P59,123.00.

The Audit Committee reviews the audit scope and coverage, strategy and results for the approval of the Board and ensures that audit services rendered shall not impair or derogate the independence of the external auditors or violate SEC regulations.

The election of external auditing firm is being done during the annual stockholders' meeting. The Audit committee selects and deliberates on the prospective audit firm that they will nominate. Once a consensus is reached, a representative of the audit committee nominates the said firm during the annual stockholders' meeting of the Registrant.

## Item 7. CORPORATE GOVERNANCE

Compliance by the Company with its Manual of Corporate Governance for the year 2017 was monitored, with all of the Company's directors, officers and employees substantially complying with the leading practices and principles on good corporate governance as embodied in the manual. The Company has also complied with the appropriate performance self rating assessment and performance evaluation system to determine and measure compliance. There was no deviation made by any of the Company's directors, officers and employees from the Company's Manual of Corporate Governance.

The Company's Board of Directors, executive officers and staff reaffirm their commitment to the principles and practices of good corporate governance especially on the following areas:

a. guidelines on directorship particularly on independent directors and the role of the Board's Nominations Committee in the selection of nominees to the Board of Directors and other positions in the Company.
b. the oversight financial management function of the Audit Committee as part of the Company's internal audit activities and
c. overall management, organizational and procedural controls to assure compliance and enable the Company efficiently and effectively assess the same.

Likewise, the Company adopted the Revised Disclosure Rules of the Philippine Stock Exchange prohibiting the communication of material non – public information without simultaneously disclosing the same information to the Stock Exchange.

The Company is taking further steps to enhance adherence to principles and practices of good corporate governance. The Compliance Officer as well as the Audit Committee are conducting annual review of the manual to determine the need for amendment to cope up with new regulations and practices on good corporate governance.

# COVER SHEET

15923
S.E.C. Registration Number

MANILA BULLETIN
PUBLISHING CORPORATION

(Company's Full Name )

MANILA BULLETIN BUILDING
MURALLA CORNER RECOLETOS STREETS
INTRAMUROS, MANILA

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

| ATTY. DYLAN I. FELICIDARIO | 527-8121 |
|---|---|
| Contact Person | Company Telephone Number |

| 12 | 31 | SEC FORM 17-C | 07 | 12 |
|---|---|---|---|---|
| Month | Day | FORM TYPE | Month | Day |
| Fiscal Year | | SEC FORM | Annual Meeting | |

Secondary License Type. If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

| 2757 | | |
|---|---|---|
| Total No. of Stockholders | Domestic | Foreign |

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-C**

**CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER**

1. Date of Report (Date of earliest event reported) **May 24, 2018**
2. SEC Identification Number **15923**
3. BIR Tax Identification Number **000-746-558**
4. Name of Registrant **MANILA BULLETIN PUBLISHING CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization - **Philippines**
6. Industry Classification Code – **to be provided by SEC**
7. Address of principal office - **Manila Bulletin Bldg., Muralla cor. Recoletos Sts., Intramuros, Manila**
8. Registrant's telephone number - **527-8121**
9. Former name, former address, if changed since last report – **No change**
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

| Title of Each Class | Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding |
|---|---|
| **Common Stock** | **3,466,139,072 shares** |

11. Indicate the item numbers reported herein: **Item No. 9.a**

**SEC FORM 17-C**

**CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER**

**Item 9.a Other Events**

The Board of Directors of Manila Bulletin Publishing Corporation, during its regular meeting on May 24, 2018, in which a quorum was present throughout, approved the following nominees recommended by the Corporate Governance Committee for election as members of the Board of Directors for 2018-2019, to wit:

As Regular Directors:

1. Mr. Basilio C. Yap
2. Dr. Emilio C. Yap III
3. Mr. Benjamin C. Yap
4. Atty. Francis Y. Gaw
5. Dr. Enrique Y. Yap, Jr.
6. Dr. Crispulo J. Icban, Jr.

As Independent Directors:

1. Chief Justice Hilario G. Davide, Jr. (Ret.)
2. Sec. Alberto G. Romulo (Ret.)
3. Mrs. Maria Georgina Perez-de Venecia
4. Atty. Armando L. Suratos

**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 hereunto duly authorized.

**MANILA BULLETIN PUBLISHING CORPORATION**
Registrant

**ATTY. DYLAN I. FELICIDARIO**
Corporate Secretary

# COVER SHEET

15923

S.E.C. Registration Number

MANILA BULLETIN PUBLISHING CORPORATION

(Company's Full Name )

MANILA BULLETIN BUILDING MURALLA CORNER RECOLETOS STREETS INTRAMUROS, MANILA

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

ATTY. DYLAN I. FELICIDARIO

Contact Person

527-8121

Company Telephone Number

| Month | Day |
|---|---|
| 12 | 31 |

Fiscal Year

SEC FORM

CERTIFICATION OF INDEPENDENT DIRECTOR

FORM TYPE

| Month | Day |
|---|---|
| 07 | 12 |

Annual Meeting

Secondary License Type. If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

2757

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

# CERTIFICATION OF INDEPENDENT DIRECTOR

I, **HILARIO G. DAVIDE, JR.**, Filipino, of legal age and a resident of No. 2 H. C. Moncado St., BF Homes, Quezon City, Philippines, after having been duly sworn to in accordance with law do hereby declare, that:

1. I am nominee for Independent Director of Manila Bulletin Publishing Corporation and have been its independent director since March 31, 2011.

2. I am affiliated with the following companies or organizations:

| Company/Organization | Position/ Relationship | Period of Service |
|---|---|---|
| KC Philippines Foundation, Inc. | Chairman | July 1, 2015 to date |
| Knights of Columbus Fr. George J. Willmann Charities, Inc. | Chairman | July 1, 2015 to the present |
| Knights of Rizal - Council of Elders | Member | 2008 to date |
| Philtrust Bank | Independent Director | April 30, 2013 to the present |
| Megawide Construction Corp. | Independent Director | September 2016 to date |
| Kompass Credit and Financing Corp. | Incorporator Chairman | July 2013 to date |
| Claudio Teehankee Foundation, Inc. (formerly Chief Justice Claudio Teehankee Memorial Foundation, Inc.) | Chairman | 2013 to date |
| University of San Carlos | Trustee | September 2014 to date |
| Heart of Francis Foundation, Inc. | Chairman | December 2015 to date |

3. I possess all the qualifications and none of the disqualification to serve as an Independent Director of Manila Bulletin Publishing Corporation as provided for in Section 38 of the Securities and Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related any director, officer or substantial shareholder of Manila Bulletin Publishing Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of Manila Bulletin Publishing Corporation of any changes in the above-mentioned information within five (5) days from its occurrence.

Done this MAY 3 0 2018, in the City of Manila, Philippines.

HILARIO G. DAVIDE, JR.
Affiant

REPUBLIC OF THE PHILIPPINES)
CITY OF MANILA )SS.

SUBSCRIBED AND SWORN to before me this MAY 3 0 2018, in Manila, Philippines, affiant exhibiting to me his BIR ID with TIN: 118-014-622, as competent proof of identity.

Doc No. 337;
Page No. 70;
Book No. III;
Series of 2018.

ARABELLA R. SAL[illegible]-SAMSON
Notary Public [illegible]
Commission No. [illegible]
Roll No. 49150 [illegible]
IBP No. 019595 [illegible]
PTR No. 6959670 [illegible] Mla
MCLE No. V-0016814 [illegible]
1000 U.N. Ave. Paco Manila

# COVER SHEET

| 1 | 5 | 9 | 2 | 3 |
|---|---|---|---|---|

S.E.C. Registration Number

MANILA BULLETIN
PUBLISHING CORPORATION

(Company's Full Name )

MANILA BULLETIN BUILDING
MURALLA CORNER RECOLETOS STREETS
INTRAMUROS, MANILA

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

| ATTY. DYLAN I. FELICIDARIO | 527-8121 |
|---|---|
| Contact Person | Company Telephone Number |

SEC FORM

| 12 | 31 | CERTIFICATION OF INDEPENDENT DIRECTOR | 07 | 12 |
|---|---|---|---|---|
| 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

| 2757 | | |
|---|---|---|
| Total No. of Stockholders | Domestic | Foreign |

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

# CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARIA GEORGINA PEREZ-DE VENECIA**, Filipino, of legal age and a resident of Units 2503 and 2504, Grand Tower Condominium, 150 L. P. Leviste St., Salcedo Village, Makati City, Philippines, after having been duly sworn to in accordance with law do hereby declare, that:

1. I am a nominee for independent director of Manila Bulletin Publishing Corporation and have been its independent director since July 13, 2017.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

| Company/Organization | Position/ Relationship | Period of Service |
|---|---|---|
| INA Foundation, Inc. | Chairman | 2005 to date |
| Sampaguita Pictures, Inc. | Director | 1997 to date |

3. I possess all the qualifications and none of the disqualification to serve as an Independent Director of Manila Bulletin Publishing Corporation as provided for in Section 38 of the Securities and Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related any director/officer/substantial shareholder of Manila Bulletin Publishing Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuance.

7. I shall inform the Corporate Secretary of Manila Bulletin Publishing Corporation of any changes in the above-mentioned information within five days from occurrence.

Done this MAY [illegible] 19, in the City of Manila, Philippines.

Ma. Georgina P. de Venecia

**MARIA GEORGINA PEREZ-DE VENECIA**
Affiant

REPUBLIC OF THE PHILIPPINES)
CITY OF MANILA. )SS.

SUBSCRIBED AND SWORN to before me this MAY 2 5 2018, in Manila, Philippines, affiant exhibiting to me her BIR ID with TIN: 145-724-259, as competent proof of identity.

ARABELLA R. SALVADOR-SAMSON

Doc No. 339;
Page No. 70;
Book No. III;
Series of 2018.

# COVER SHEET

15923

S.E.C. Registration Number

MANILA BULLETIN

PUBLISHING CORPORATION

(Company's Full Name )

MANILA BULLETIN BUILDING

MURALLA CORNER RECOLETOS STREETS

INTRAMUROS, MANILA

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

| ATTY. DYLAN I. FELICIDARIO | 527-8121 |
|---|---|
| Contact Person | Company Telephone Number |

SEC FORM

| 12 | 31 | CERTIFICATION OF INDEPENDENT DIRECTOR | 07 | 12 |
|---|---|---|---|---|
| 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

| 2757 | | |
|---|---|---|
| Total No. of Stockholders | Domestic | Foreign |

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

/

# CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ALBERTO G. ROMULO**, Filipino, of legal age and a resident of No. 25 Malipajo, Valle Verde 3, Pasig City, Philippines, after having been duly sworn to in accordance with law do hereby declare, that:

1. I am nominee for Independent Director of Manila Bulletin Publishing Corporation and have been its independent director since July 14, 2011.

2. I am affiliated with the following companies or organizations:

| Company/Organization | Position/ Relationship | Period of Service |
|---|---|---|
| Development Bank of the Philippines (DBP) | Chairman of the Board | February 15, 2017 to date |
| Department of Foreign Affairs (DFA) | Secretary | August 23, 2004 – February 2011 |

3. I possess all the qualifications and none of the disqualification to serve as an Independent Director of Manila Bulletin Publishing Corporation as provided for in Section 38 of the Securities and Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related any director, officer or substantial shareholder of Manila Bulletin Publishing Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I have the required written permission or consent from the President of the Development Bank of the Philippines (DBP) to be an independent director in Manila Bulletin Publishing Corporation, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of Manila Bulletin Publishing Corporation of any changes in the above-mentioned information within five (5) days from its occurrence.

Done this MAY 3 0 2018, in the City of Manila, Philippines.

Alberto G. Romulo

**ALBERTO G. ROMULO**
Affiant

REPUBLIC OF THE PHILIPPINES)
CITY OF MANILA )SS.

SUBSCRIBED AND SWORN to before me this MAY 3 0 2018, in Manila, Philippines, affiant exhibiting to me his BIR ID with TIN: 113-426-495, as competent proof of identity.

ARABELLA R. SALVADOR-SAMSON
Notary Public [illegible]
Commission No. [illegible] 18 17
Roll No. 49[illegible] 727-901
IBP No. [illegible] Mla IV
PTR No. 6[illegible] 17, Mla
MCLE No. V-0016814 03 28 16
1000 U.N. Ave. [illegible], Manila

Doc No. 338;
Page No. 70;
Book No. III;
Series of 2018.

# COVER SHEET

1 5 9 2 3

S.E.C. Registration Number

MANILA BULLETIN

PUBLISHING CORPORATION

(Company's Full Name )

MANILA BULLETIN BUILDING

MURALLA CORNER RECOLETOS STREETS

INTRAMUROS, MANILA

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

| ATTY. DYLAN I. FELICIDARIO | 527-8121 |
|---|---|
| Contact Person | Company Telephone Number |

SEC FORM

| 1 2 | 3 1 | CERTIFICATION OF INDEPENDENT DIRECTOR | 0 7 | 1 2 |
|---|---|---|---|---|
| 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

| 2757 | | |
|---|---|---|
| Total No. of Stockholders | Domestic | Foreign |

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

# CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ARMANDO L. SURATOS**, Filipino, of legal age and a resident of 38 Havana Street, BF Northwest, BF Homes, Paranaque City, Philippines, after having been duly sworn to in accordance with law do hereby declare, that:

1. I am a nominee for Independent Director of Manila Bulletin Publishing Corporation.

2. I am affiliated with the following companies or organizations:

| Company/Organization | Position/ Relationship | Period of Service |
|---|---|---|
| Philippine Payments Management, Inc. | Independent Director | Oct. 2017 - Present |
| Bangko Sentral ng Pilipinas | Consultant | Sept. 2017 - Present |
| Philippine Asian Bond Fund | Chairman, Supervisory Committee | Oct. ~~August~~ 2017 - Present |
| Mary Johnston College of Nursing Scholarship Foundation, Inc. | Board Member | June 2017 - Present |
| Kapatiran Kaunlaran Foundation, Inc. | Vice Chairman | 2012 - Present |
| Philippine Constitution Association | Member | |
| Integrated Bar of the Philippines | Member | 2012 - Present |
| Fraternal Order of Utopia | Alumni Member | 1968 - Present |
| Pan Xenia Fraternity | Alumni Member | 1965 - Present |

3. I possess all the qualifications and none of the disqualification to serve as an Independent Director of Manila Bulletin Publishing Corporation as provided for in Section 38 of the Securities and Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director, officer or substantial shareholder of Manila Bulletin Publishing Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of Manila Bulletin Publishing Corporation of any changes in the above-mentioned information within five (5) days from its occurrence.

Done this 2 8 MAY 2018 day of May 2018, in the City of Manila, Philippines.

**ARMANDO L. SURATOS**
Affiant

REPUBLIC OF THE PHILIPPINES)
CITY OF MANILA )SS.

SUBSCRIBED AND SWORN to before me this MAY 28 2018, in Manila, Philippines, affiant exhibiting to me his BIR ID with TIN: 135-965-805, as competent proof of identity.

Doc No. 432;
Page No. 87;
Book No. 01;
Series of 2018.

ATTY. ALEXANDER BRIAN S. PEREZ
Notary Public
For and in the City of Manila
Appointment No. 2017-113
Commission Expires on 31 December 2018
Roll of Attorneys No. 62423
MCLE Compliance No. V-0014310
PTR No. 7084480/26 January 2018/Manila
IBP Lifetime No. 015762/25 January 2017/Makati
Rm. 313, 5-Storey Bldg.,BSP Complex
A. Mabini St., Malate, Manila

MANILA BULLETIN
PUBLISHING CORPORATION

TEL (+632) 527-8121 FAX 527-7510
ADVERTISING 527-7524 FAX 527-7533
CIRCULATION 527-7522 FAX 527-7526
WWW.MB.COM.PH

P.O. BOX 769
MANILA BULLETIN BUILDING
MURALLA COR. RECOLETOS STS.
INTRAMUROS, MANILA, PHILIPPINES

# CERTIFICATION

This is to certify that none of the Directors and Executive Officers of Manila Bulletin Publishing Corporation is connected with any government agency or its instrumentality, with the exception of Mr. Alberto G. Romulo, Independent Director of the Company, who was elected and holds office as Chairman of the Board of the Development Bank of the Philippines (DBP) since February 15, 2017 up to the present.

Per attached sworn Certification dated June 13, 2017, Mr. Danny E. Bunyi, Corporate Secretary of DBP, states the DBP's position that Mr. Romulo is not an officer of DBP under Section 12, Rule XVIII of the Revised Civil Service Rules, the Manual of Regulations for Banks (MORB), and the Amended By-Laws of DBP. Hence, Mr. Bunyi states further that in the DBP's view, the written permission or consent from the Secretary of the Department of Finance for his independent directorship with the Company does not apply to Mr. Romulo.

IN WITNESS WHEREOF, I have hereunto set my hand this 13 JUN 2018, in Manila, Philippines.

**HERMINIO B. COLOMA, JR.**
Executive Vice President & Compliance Officer

REPUBLIC OF THE PHILIPPINES)
CITY OF MANILA )SS.

SUBSCRIBED AND SWORN to before me this 13 JUN 2018, in Manila, Philippines, affiant exhibiting to me his SSS ID with No. 03-3210524-6, as competent proof of identity.

Doc No. 241;
Page No. 50;
Book No. 154;
Series of 2018.

DYLAN I. FELICIDARIO
Notary Public Until December 31, 2019
Notarial Commission No. 2018-007
Roll No. 43016
PTR No. 7009457/01-08-18/Manila
MCLE Compliance No. V-0014949
IBP Nos. 017683 (2018) & 017684 (2019)/11-27-17
Manila Bulletin Bldg., Intramuros, Manila

# C E R T I F I C A T I O N

I, **DANNY E. BUNYI**, Corporate Secretary of the Development Bank of the Philippines ("DBP", for brevity), a government-owned financial institution established and operating pursuant to Executive Order No. 81 dated December 3, 1986, as amended by Republic Act No. 8523 effective March 9, 1998, otherwise known as "The Revised Charter of the Development Bank of the Philippines", with principal office at Makati City, Philippines, do hereby certify as follows:

1. Mr. Alberto G. Romulo is the incumbent Chairman of the Board of the Development Bank of the Philippines (DBP), having been duly appointed as Member of the Board of Directors of DBP and duly nominated by His Excellency, President Rodrigo Roa Duterte, for a term which commenced on July 1, 2016 and will end on June 30, 2017, as contained in the letter dated February 13, 2017 of the Hon. Salvador C. Medialdea, Executive Secretary, Office of the President of the Philippines, and duly elected as such by the Board of Directors of DBP under its Resolution No. 0043 dated February 15, 2017;

2. Mr. Romulo is an incumbent Independent Director of the Manila Bulletin Publishing Corporation;

3. On March 10, 2017, the Securities and Exchange Commission (SEC) issued SEC Memorandum Circular No. 5 (Series of 2017) addressed to all Independent Directors requiring, among others, "...those in government service/affiliated with a government agency or GOCC..." to certify that they have "the required written permission or consent from the "head of the agency/department" to be an independent director... pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.";

4. Memorandum Circular No. 17 issued by the Office of the President of the Philippines on September 4, 1986 (Series of 1986) states that "The authority to grant permission to any official or employee shall be granted by the head of the ministry or agency in accordance with Section 12, Rule XVIII of the Revised Civil Service Rules, which provides as follows:

> 'Sec. 12. No **officer** or employee shall engage directly in any private business, vocation, or profession or be connected with any commercial, credit, agricultural, or industrial undertaking without a written permission from the head of Department: Provided, That this prohibition will be absolute in the case of **those officers** and employees **whose duties and responsibilities require that their entire time be at the disposal of the Government:** Provided, further, That if an employee is granted permission to engage in outside activities, the time so devoted outside of office hours should be fixed by the

> chief of the agency to the end that it will not impair in any way the efficiency of the officer or employee: And provided, finally, That no permission is necessary in the case of investments, made by an officer or employee, which do not involve any real or apparent conflict between his private interests and public duties, or in any way influence him in the discharge of his duties, and he shall not take part in the management of the enterprise or become an officer or member of the board of directors,'

5. Section 12, Rule XVIII of the Revised Civil Service Rules applies only to **officers** or employees **of the government** who are prohibited from engaging "directly in any private business, vocation, or profession or be connected with any commercial, credit, agricultural, or industrial undertaking without a written permission from the head of Department..."

6. The Chairman of the Board of DBP is not an officer of DBP as such position is not among the officers mentioned in Article V, Section 1, of DBP's Amended By-Laws which provides as follows:

> "Section 1. Enumeration – The officers of the Development Bank of the Philippines shall be the President, a Treasurer, a Corporate Secretary, a Chief Legal Counsel, and such other officers as the Board of Directors may deem necessary, who shall exercise such powers and perform such duties as shall be determined from time to time by the President or the Board."

Neither is the Chairman of the Board of DBP an officer under Section X 142.1 of the Manual of Regulations for Banks (MORB) of the Bangko Sentral ng Pilipinas in relation to Article V, Section 2, of DBP's Amended By-Laws since the powers and duties of such position do not involve the performance of management functions.

> Section X 142.1 of the MORB reads as follows:
>
> "...X 142.1 Definition of **officers. Officers shall include the president, executive vice president, senior vice president, vice president, general manager, secretary, treasurer, trust officer and others mentioned as officers of the bank, or those whose duties as such are defined by the by-laws, or are generally known to be the officers of the bank (or any of its branches and offices other than the head office) either through announcement, representation, publication or any kind of communication made by the bank.**
>
> **A person holding the position of chairman,** vice-chairman or any other position of the board **who also performs functions of management such as those ordinarily performed by regular officers shall also be considered an officer."**

Article V, Section 2, of DBP's Amended By-Laws reads as follows:

"Section 2. Chairman, Powers and Duties –

x x x x

The Chairman shall have the following powers and duties:

(a) To convene the Board of Directors to a regular meeting or, whenever he may deem it necessary, to a special meeting, either on his own initiative, or upon request of the President or three (3) members of the Board;

(b) To call meetings of the stockholders;

(c) To preside over all meetings of the Board and of the stockholders;

x x x x"

7. With due respect to the SEC, since Mr. Alberto G. Romulo is not an officer of DBP under the above quoted provisions of Section 12, Rule XVIII of the Revised Civil Service Rules, the MORB and the Amended By-Laws of DBP, the required written permission or consent from the Secretary of the Department of Finance for his independent directorship with Manila Bulletin Publishing Corporation does not apply to Mr. Romulo.

I have hereunto signed this Certification on this JUN 13 2017 day of June, 2017 in Makati City, Philippines.

**DANNY E. BUNYI**
Corporate Secretary
Development Bank of the Philippines

REPUBLIC OF THE PHILIPPINES>
MAKATI CITY> S.S.

SUBSCRIBED AND SWORN to before me this JUN 13 2017 day of June 2017, the Corporate Secretary of DBP exhibiting to me his ROP Unified Multi-Purpose (GSIS E-Card) ID No. CRN-003-3065-9721-4.

Doc. No. 313
Page No. 64
Book No. XII
Series of 2017.

Atty. REGINA F. TRONCO
Notary Public
Appointment No. M-165
Makati City, Until December 31, 2017
10th Flr. DBP Bldg., Sen. Gil Puyat Ave., Makati City
Roll No. 42577, IBP No. 1055968
PTR Exempt Under RA7160

# COVER SHEET

1 5 9 2 3

S.E.C. Registration Number

M A N I L A   B U L L E T I N

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

**(Company's Full Name )**

M U R A L L A   C O R N E R   R E C O L E T O S   S T R E E T S

I N T R A M U R O S ,   M A N I L A

**( Business Address: No. Street City/Town/Province )**

**ELIZABETH T. MORALES**

Contact Person

**527 - 8121**

Company Telephone Number

| 0 3 | 3 1 | SEC FORM **1 7 - Q** | 0 7 | 1 2 |
|---|---|---|---|---|
| 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

File Number

LCU

Document I.D.

Cashier

**S T A M P S**

SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER



1. For the quarterly period ended - **March 31, 2018**

2. SEC Identification Number - **15923**

3. BIR Tax Identification Number - **000-746-558**

4. Exact name of registrant as specified in its charter – **MANILA BULLETIN PUBLISHING CORPORATION**

5. Province, country or other jurisdiction of incorporation or organization- **Philippines**

6. Industry Classification Code – **( to be provided by SEC )**

7. Address of principal office – **Manila Bulletin Building, Muralla corner Recoletos Sts., Intramuros, Manila**

8. Registrant's telephone number – **527-8121**

9. Former name, former address and former fiscal year, if changed since last report **none**

10. Securities registered pursuant to Sections 4 and 8 of the RSA

| Class Title | Number of Shares Outstanding |
|---|---|
| **Common Stock** | **3,466,139,072 shares** |

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

Yes [ / ]
No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein :

**Philippine Stock Exchange Common Stock**

**12. The Company has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder of Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months.**

**MANILA BULLETIN PUBLISHING CORPORATION**
**QUARTERLY REPORT**
**For the First Quarter Ended, March 31, 2018**

Name of Registrant : **MANILA BULLETIN PUBLISHING CORPORATION**

Address : **P.O. Box 769**
**Manila Bulletin Building**
**Muralla corner Recoletos Streets**
**Intramuros, Manila**

Nature of Business : **Newspaper Publication**

Board of Directors :
**Mr.Basilio C. Yap**
**Atty. Hermogenes P. Pobre**
**Dr. Emilio C. Yap III**
**Chief Justice Hilario G. Davide, Jr. ( SC Ret.)**
**- Independent Director**
**Secretary Alberto G. Romulo ( DFA Ret.)- Independent Director**
**Dr. Enrique Y. Yap, Jr.**
**Mr. Benjamin C. Yap**
**Atty. Francis Y. Gaw**
**Mrs. Maria Georgina Perez – De Venecia - Independent Director**
**Dr. Crispulo J. Icban, Jr.**

## PART I FINANCIAL INFORMATION

Item 1. Financial Statements Required Under SRC Rule 68.1

Attached herein are the following reports:

a. Comparative Statements of Income and Retained Earnings

b. Comparative Balance Sheets

c. Comparative Statements of Cash Flows

d. Comparative Statements of Changes in Stockholders' Equity

e. Management Discussion and Analysis of Financial Condition and Results of Operations

f. Aging of Accounts Receivable – trade

g. Beneficial Ownership, Top 100 Shareholders and Board lot reports as prepared by RCBC, the Registrant's Transfer Agent

**MANILA BULLETIN PUBLISHING CORPORATION**
**COMPARATIVE STATEMENTS OF FINANCIAL POSITION**
**AS OF MARCH 31, 2018 AND DECEMBER 31, 2017**

| | **31-Mar 2018 ( Unaudited)** | 31-Dec 2017 ( Audited) |
|---|---|---|
| **ASSETS** | | |
| **Current** | | |
| Cash and cash equivalents | 43,250,758 | 56,785,770 |
| Trade and other receivables | 1,718,340,609 | 1,728,436,001 |
| Inventories | 1,343,330,096 | 1,336,004,881 |
| Other current assets | 115,122,150 | 104,107,805 |
| | 3,220,043,613 | 3,225,334,457 |
| **Noncurrent** | | |
| Property, plant and equipment | 2,527,312,631 | 2,544,036,832 |
| Investment property | 94,808,970 | 94,808,970 |
| Deferred tax asset - net | 67,058,725 | 67,058,725 |
| Prepaid benefit obligation | 19,570,740 | 19,570,740 |
| Goodwill | 5,000,000 | 5,000,000 |
| Other non - current assets | 185,227,288 | 186,713,690 |
| | 2,898,978,354 | 2,917,188,957 |
| **TOTAL ASSETS** | 6,119,021,967 | 6,142,523,414 |
| **LIABILITIES AND EQUITY** | | |
| **Current** | | |
| Trade and other payables | 1,070,833,268 | 1,161,102,218 |
| Trust receipts payable | 103,577,141 | 82,813,354 |
| Short term loans payable | 376,500,000 | 335,000,000 |
| Income tax payable | 3,124,951 | 2,635,616 |
| | 1,554,035,360 | 1,581,551,188 |
| **Noncurrent** | | |
| Loans payable net of current portion | 1,000,000,000 | 1,000,000,000 |
| **EQUITY** | | |
| Paid-up capital | 3,475,463,722 | 3,475,463,722 |
| Retained earnings | 196,909,163 | 192,894,782 |
| Accumulated remeasurement losses on retirement benefit plan | (91,038,301) | (91,038,301) |
| Treasury shares | (16,347,977) | (16,347,977) |
| | 3,564,986,607 | 3,560,972,226 |
| **TOTAL LIABILITIES AND EQUITY** | 6,119,021,967 | 6,142,523,414 |

# MANILA BULLETIN PUBLISHING CORPORATION

## UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
## For the First Quarter Ended, March 31, 2018 and 2017

| | | First Quarter Ended | | |
|---|---|---|---|---|
| | | 2018 | | 2017 |
| INCOME | | | | |
| Advertising | | P371,766,149 | | P375,076,638 |
| Circulation | | 165,664,191 | | 168,704,642 |
| Other operating Income | | 27,055,246 | | 26,327,653 |
| | | 564,485,586 | | 570,108,933 |
| EXPENSES | | | | |
| Cost of printing and materials used | | 339,651,793 | | 332,085,375 |
| Compensations and benefits | | 63,310,481 | | 64,020,501 |
| Promotions and advertising | | 19,125,077 | | 22,434,517 |
| Utilities | | 17,782,659 | | 19,836,395 |
| Depreciation | | 9,682,525 | | 10,073,491 |
| Maintenance | | 6,913,236 | | 9,321,029 |
| Rental | | 3,262,450 | | 2,132,705 |
| Provision for impairment losses | | 1,250,026 | | 636,701 |
| Other operating expenses | | 87,285,791 | | 88,929,817 |
| | | 548,264,038 | | 549,470,531 |
| OPERATING INCOME | | 16,221,548 | | 20,638,402 |
| OTHER INCOME | | 1,672,446 | | 2,209,097 |
| INCOME BEFORE INTEREST EXPENSE | | 17,893,994 | | 22,847,499 |
| INTEREST EXPENSE | | 12,312,538 | | 11,137,784 |
| INCOME BEFORE INCOME TAX | | 5,581,456 | | 11,709,715 |
| PROVISION FOR INCOME TAX | | 1,567,075 | | 3,410,709 |
| NET INCOME | | 4,014,381 | | 8,299,006 |
| OTHER COMPREHENSIVE INCOME | | - | | - |
| TOTAL OTHER COMPREHENSIVE INCOME | | 4,014,381 | | 8,299,006 |
| EARNINGS PER SHARE | | | | |
| Basic/Diluted | P | 0.0012 | P | 0.0024 |

**MANILA BULLETIN PUBLISHING CORPORATION**
**STATEMENT OF CHANGES IN EQUITY**
**For the First Quarter Ended, March 31, 2018 and 2017**

| | 2018 | 2017 |
|---|---|---|
| COMMON | | |
| Balance at beginning of quarter | 3,475,463,722 | 3,475,463,722 |
| Issued | - | - |
| Balance at end of quarter | 3,475,463,722 | 3,475,463,722 |
| RETAINED EARNINGS | | |
| Unappropriated | | |
| Balance at beginning of quarter | 192,894,782 | 143,027,875 |
| Net Income | 4,014,381 | 8,299,006 |
| Balance at end of quarter | 196,909,163 | 151,326,881 |
| REMEASUREMENT LOSSES ON RETIREMENT BENEFIT PLAN | | |
| Balance at beginning of quarter | (91,038,301) | (74,839,804) |
| Additions (Deductions) | - | - |
| Balance at end of quarter | (91,038,301) | (74,839,804) |
| TREASURY SHARES | | |
| Balance at beginning of quarter | (16,347,977) | (16,347,977) |
| Additions (Deductions) | - | - |
| Balance at end of quarter | (16,347,977) | (16,347,977) |
| TOTAL STOCKHOLDERS' EQUITY | 3,564,986,607 | 3,535,602,822 |

# MANILA BULLETIN PUBLISHING CORPORATION
## STATEMENT OF CASH FLOWS
### For the First Quarter Ended, March 31, 2018 and 2017

| | | JANUARY TO | | MARCH |
|---|---|---|---|---|
| | | 2018 | | 2017 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Net Income | P | 4,014,381 | P | 8,299,006 |
| Adjustments to reconcile net income to net cash provided by operating activities : | | | | |
| Depreciation | | 17,604,590 | | 18,384,194 |
| Changes in operating assets and liabilities : | | | | |
| Accounts receivable | | 10,095,392 | | 204,161,865 |
| Inventories | | (7,325,215) | | 213,260,242 |
| Prepaid items and other current assets | | (11,014,345) | | 1,512,323 |
| Other assets | | 1,486,402 | | 5,410,377 |
| Accounts payable and accrued expenses | | (90,268,950) | | (453,671,883) |
| Income tax payable | | 489,335 | | 339,098 |
| **Net cash provided by operating activities** | | (74,918,410) | | (2,304,778) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Net additions to property and equipment | | (880,389) | | (13,572,957) |
| **Net cash used in investing activities** | | (880,389) | | (13,572,957) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Availment / Payment of bills/ loans | | 62,263,787 | | 18,033,076 |
| **Net cash used in financing activities** | | 62,263,787 | | 18,033,076 |
| **NET INCREASE ( DECREASE ) IN CASH** | | (13,535,012) | | 2,155,341 |
| **CASH AND CASH EQUIVALENTS, JANUARY 1** | | 56,785,770 | | 84,372,530 |
| **CASH AND CASH EQUIVALENTS, MARCH 31** | **P** | **43,250,758** | **P** | **86,527,871** |

**TRADE AND OTHER RECEIVABLES**

The account as of March 31, 2018 and December 31, 2017 consist of the following :

| | AS OF | |
|---|---|---|
| | March 31, 2018 | December 31, 2017 |
| | | |
| Trade | 1,580,403,390 | 1,550,674,120 |
| Receivable from ex - deal transactions | 114,525,708 | 97,542,514 |
| Others | 118,007,688 | 173,565,518 |
| TOTAL | 1,812,936,786 | 1,821,782,152 |
| Allowance for impairment losses | 94,596,177 | 93,346,151 |
| **NET TRADE RECEIVABLES** | **1,718,340,609** | **1,728,436,001** |

Aging of Receivables are as follows:

| | AS OF | |
|---|---|---|
| | March 31, 2018 | December 31, 2017 |
| | | |
| <60 DAYS | 456,332,571 | 482,238,697 |
| 60DAYS - 1 YEAR | 592,752,865 | 571,965,254 |
| 1 - 3 YEARS | 515,288,229 | 517,802,334 |
| BEYOND 3 YEARS | 248,563,121 | 249,775,867 |
| **TOTAL RECEIVABLE - TRADE** | **1,812,936,786** | **1,821,782,152** |

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

Gross revenue for the first quarter of 2018 decreased by P6.160 million or 1.08% as compared with that of the same quarter last year. The said decrease was brought about by the decrease in Advertising revenue of P3.310 million and Circulation revenue of P3.040 million. Other income went up by P0.191 million over last year's performance.

Total Cost and expenses went down by P1.206 million, though Cost of printing and materials used went up by P7.566 million or 2.28% , total operating expenses went down by P8.773 million or 4.036% over last year of the same quarter. Net income decreased by P4.285 million or 51.63% over last year's results of operations for the same period.

Provision for income tax for the first quarter of 2018 amounted to P1.567 million lower by P1.844 million or 54.05 % over the same quarter last year.

Percentage of net profit to stockholders equity for the first quarter was computed at 0.11%

Trade and other receivables as of March 31, 2018 decreased by 0.58% as compared with December 31, 2017 balance. Included in Trade receivable account are receivable from exchange deal transactions amounting to P114.526 million.

Net decrease in total assets of P23.501 million as of March 31, 2018 as compared with the audited figures as of December 31, 2017 can be accounted for as follows:

- Decrease in trade receivable due to the systematic and effective collection effort of the Company.
- Payment of trade and other payables

There is no significant element of income or loss that did not arise from the issuer's continuing operations.

The net worth of the Corporation as of March 31, 2018 is P3,564.99 million with paid in capital of P3,475.46 million , net retained earnings of P196.91 million and accumulated remeasurement losses on retirement benefit plan of P91.04 million less P16.35 million cost of treasury stock.

The Registrant employs various Performance/ Financial Soundness Indicators to measure the effectiveness on the use of its resources in the Company's business operations. These are as follows:

| | **PERFORMANCE/FINANCIAL SOUNDNESS INDICATORS** | **First Quarter 2018** | **First Quarter 2017** |
|---|---|---|---|
| 1. | Current Ratio – Current Assets / Current Liabilities (Liquidity ratio – ability to meet short term obligations) | 2.0721: 1 | 1.8572:1 |
| 2. | Return on Assets – Net Income / Total Assets (Effectiveness in the use of assets to generate profits ) | 0.0007 | 0.0014 |
| 3. | Return on Equity - Net Income / Stockholders' Equity (Measures the profits earned for each peso invested in the company's stocks ) | 0.0011 | 0.0023 |
| 4. | Gross Profit Margin – Gross Profit / Sales (Measures gross profit earned on sales) | 0.3680 | 0.3893 |
| 5. | Debt Ratio – Total Liabilities / Total Assets (Indicator of the long term solvency of the Company) | 0.4174:1 | 0.4229:1 |
| 6. | Solvency Ratio ( Debt to Equity Ratio) ( Total Liabilities / Total Equity – measures the ability to pay financial Obligation) | 0.7164:1 | 0.7329:1 |

| | PERFORMANCE/FINANCIAL SOUNDNESS INDICATORS | First Quarter 2018 | First Quarter 2017 |
|---|---|---|---|
| 7. | Assets to Equity Ratio – Total Assets / Total Equity ( measures the long term solvency of the Company) | 1.7164:1 | 1.7329:1 |
| 8. | Interest Coverage Ratio- Income before Interest and taxes / Interest Expense ( measures the ability to pay interest on outstanding Debt) | 1.4533:1 | 2.0513:1 |
| 9. | Operating Profit Margin – Earnings before interest and Taxes / Net Sales ( measures the overall operating efficiency of the Co.) | 0.0316 | 0.0420 |
| 10. | Net Profit Margin – Net Income / Net Sales ( measures how much of each sales shows up as net income) | 0.0071 | 0.0153 |

Current Ratio

The current ratio of the Company as of March 31, 2018 was at 2.0721: 1, higher than last year's 1.8572:1. This is an indicator of the financial capability of the Company to meet its short term obligations. This is arrived at by dividing Current Assets over Current Liabilities.

Return on Assets

Return on Assets will measure the effectiveness in the use of the total assets of the Company to generate profit. This is computed by dividing Net Income over the Total assets of the Company. For the first quarter of 2018, return on Assets was computed at 0.0007 while in 2017 was at 0.0014.

Return on Equity

Return on Equity will measure the profits earned for each peso invested in the Company's stocks. For the first quarter of 2018 return on equity was computed at 0.0011 as compared with last year's return of .0023. Return on equity can be obtained by dividing net Income by Total Stockholders' Equity.

Gross Profit Margin

The Company's gross profit margin decreased by 5.47% over last year of the same quarter's gross profit margin. The increase in cost of printing materials used in the first quarter was computed at P7.566 million or 2.28% over last year of the same quarter. The gross profit margin was computed by dividing Gross Profit over Net Sales. Gross Profit was arrived at by deducting Cost of Printing from Net Sales. This will give us the percentage earned in investing on the amount of printing cost.

Debt Ratio

Debt ratio as of March 31, 2018 was computed at 0.4174: 1 as compared with 0.4229:1 last year. Debt ratio was computed by dividing total liabilities over the Total assets of the Company. The debt ratio is an indicator of the long term solvency of the Company.

Solvency Ratio

Solvency ratio as of March 31, 2018 registered at 0.7164: 1 as compared with last year's ratio of 0.7329: 1. This was arrived at by dividing Total Liabilities by Total Equity of the Registrant. This ratio is an indicator of the relative proportion of shareholders' equity and total liabilities used to finance the Company's assets. This measures the Company's ability to borrow and repay such.

Assets to Equity Ratio

Assets to Equity ratio was computed at 1.7164:1 as of March 31, 2018 as compared to 1.7329: 1 last year. This measures the financial leverage and long term solvency of the Company.

Interest Coverage Ratio

Interest coverage ratio determines how easily a company can pay interest on outstanding debt. This is arrived at by dividing the Company's income before interest and taxes by the Company's interest expense for the same period. Interest coverage ratio of the Company for the first quarter of 2018 is 1.4533 :1 as compared with last year's 2.0513:1.

Operating Profit Margin

Operating Profit Margin is a measure of the overall operating efficiency, incorporating all of the expenses of ordinary, daily business activity. This is calculated by dividing Earnings before interest and taxes by the Net Sales of the Company. Operating Profit Margin of the Registrant for the first quarter of 2018 was at 0.0316 while last year's operating profit margin is at 0.0420.

Net profit Margin

This shows us how much of each sales shows up as net income after all expenses are paid. This is calculated by dividing Net Profit after Interest and Taxes by Net Sales. The Net Profit Margin of the Company for the first quarter of 2018 was at 0.0071 while in last year of the same quarter was at 0.0153.

Due to the intensified collection efforts / programs of the Company, comparing trade and other receivables account balance as of March 31, 2018 with that of December 31, 2017, it registered a net decrease of P10.095 million.

Bills or trust receipts payable account increased by P20.764 million or 25.07% over last year of the same period. This pertains to importation of printing materials such as paper, ink and supplies which are usually payable in 180 days.

There are no known trends, demands, commitments, events or uncertainties known to management that would have an impact on the Company's liquidity.

The Registrant does not know of any event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
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.

The Company does not know of any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures

The Registrant does not know of trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/ revenues/ income from continuing operations.

There are no significant elements of income or loss that did not arise from the issuer's continuing operations.

The Company did not enter into any contracts of merger, consolidation of joint venture, contract management, licensing, marketing, distributorship, technical assistance or similar agreements.

The Company did not offer rights or grant Stock Options and corresponding plans there for.

The Company does not know of any information, event or happening that may affect the market price of its security.

There was no transferring of assets made except in normal course of business.

And lastly, the Registrant has no knowledge of any seasonal aspects that had a material effect on the financial condition or results of operations.

PART II – OTHER INFORMATION

All significant information was properly disclosed as they happen under SEC Form 17 – C.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MANILA BULLETIN PUBLISHING CORPORATION

MAEBEL P. NADRES
Assistant Treasurer/ Chief Cashier
May 10, 2018

ELIZABETH T. MORALES
Assistant Vice President / Chief Accountant
May 10, 2018

RCBC
A YGC Member

04-April-2018

**MANILA BULLETIN PUBLISHING CORPORATION**
Muralla cor. Recoletos St. Intramuros, Manila

Attention: **Atty. Dylan I. Felicidario**
Corporate Secretary

Gentlemen:

We are submitting to you our report on the number of shareholders owning at least one board lot each of **MANILA BULLETIN PUBLISHING CORPORATION** as of **03/31/2018**.

| | |
|---|---|
| Market Price | 0.53 |
| Number of Outstanding Shares | 3,466,139,072.00 |
| Number of Stockholders | 2,757 |
| Number of Shares per Board Lot | 1,000.00 |
| No. of Stockholders owning at least 1 board lot | 2,534 |
| Treasury Shares | 9,324,650.00 |
| Last Trading Date | 28-March-2018 |

Truly yours,

**RIZAL COMMERCIAL BANKING CORPORATION**
Transfer Agent

**IRENE S. COLUMBRES**
Operations Officer

**ANTONIO B. MADRID**
Operations Manager

RCBC
A YGC Member

April 6, 2018

**MANILA BULLETIN PUBLISHING CORP.**
Muralla cor. Recoletos St.
Intramuros, Manila

**Attention:** **Mr. Dylan I. Felicidario**
**Corporate Secretary**

Gentlemen:

We are submitting to you our report on the Holdings of Officers/Directors of the Total Issued and Outstanding shares of Manila Bulletin Publishing Corp. as of 31 March 2018.

**DIRECTORS:**

| | | | |
|---|---|---|---|
| Basilio C. Yap | Chairman of the Board | 2,851,890.00 | 0.082279% |
| Hermogenes P. Pobre | Vice Chairman | 12,048.00 | 0.000348% |
| Emilio C. Yap III | Vice Chairman | 945,626.00 | 0.027281% |
| Chief Justice Hilario G. Davide, Jr. (Ret.) | Vice Chairman / Independent Director | 11,473.00 | 0.000331% |
| Alberto G. Romulo (Ret.) | Vice Chairman / Independent Director | 11,473.00 | 0.000331% |
| Francis Y. Gaw | Director | 68,342.00 | 0.001972% |
| Benjamin C. Yap | Director | 2,851,890.00 | 0.082279% |
| Enrique Y. Yap Jr | Director | 1,365,544.00 | 0.039396% |
| Mrs. Maria Georgina Perez-De Venecia | Independent Director | 1,000.00 | 0.002877% |
| Crispulo J. Icban Jr | Director | 72,717.00 | 0.002098% |

**OFFICERS:**

| | | | |
|---|---|---|---|
| Hermogenes P. Pobre | President | 12,048.00 | 0.000348% |
| Emilio C. Yap III | Executive Vice President | 945,626.00 | 0.027281% |
| Fe B. Barin | Executive Vice President | 8,968.00 | 0.002587% |
| Herminio B. Coloma Jr. | Executive Vice President / Compliance Officer | - | 0.000000% |
| Carmen S. Suva | Vice President Public Relations Department | 12,048.00 | 0.000348% |

RCBC
A YGC Member

| | | | |
|---|---|---|---|
| Aurora C. Tan | Vice President - Executive Dept/Assistant Corporate Secretary/Assistant Treasurer | 181,791.00 | 0.005245% |
| Reynaldo S. Rafal (Ret.) | Assistant Vice President - Administration Department | - | 0.000000% |
| Dante M. Simangan | Vice President - Circulation Department | - | 0.000000% |
| Arsenio Emmanuel O. Cabrera | Vice President - Advertising Department | - | 0.000000% |
| Dylan I. Felicidario | Corporate Secretary | - | 0.000000% |
| Ramon C. Ting | Assistant Vice President - Metro Manila Branches | - | 0.000000% |
| Elizabeth T. Morales | Assistant Vice President - Finance Department/Assistant Compliance Officer | - | 0.000000% |
| Johnny L. Lugay | Assistant Vice President - Information & Communications Technology Department | - | 0.000000% |
| Alvin P. Mendigoria | Assistant Vice President - Engineering Department | - | 0.000000% |
| Maebel P. Nadres | Assistant Treasurer | 18,181.00 | 0.000525% |
| Alicia A. Aldana | Assistant Treasurer | - | 0.000000% |
| Josephine M. Abad | Assistant Treasurer | - | 0.000000% |

Truly Yours,

**IRENE S. COLUMBRES**
Operations Officer

**ANTONIO B. MADRID**
Operations Manager

**LIST OF TOP 100 SHAREHOLDERS**
**AS OF MARCH 28, 2018**

| Count | Stockholder Name | Nationality | Number Of Shares | Percentage | |
|---|---|---|---|---|---|
| 1 | U S AUTOMOTIVE CO INC | PH | 1,883,738,105.00 | 54.35 | % |
| 2 | USAUTOCO INC. | PH | 811,225,930.00 | 23.40 | % |
| 3 | MENZI TRUST FUND INC | PH | 292,632,568.00 | 8.44 | % |
| 4 | PCD NOMINEE CORP | PH | 178,754,681.86 | 5.16 | % |
| 5 | EVERGREEN STOCKBROKERAGE & SEC., INC. | PH | 135,807,290.00 | 3.92 | % |
| 6 | UY, WILLIAM CARLOS | PH | 9,089,117.00 | 0.26 | % |
| 7 | CHUNG BUNSIT | PH | 6,217,122.00 | 0.18 | % |
| 8 | CHUA, FRANCISCO C. | PH | 4,544,562.00 | 0.13 | % |
| 9 | ANITA S. REGALADO-DALAKOURAS | PH | 4,544,562.00 | 0.13 | % |
| 10 | TAN, TEODORA D. | PH | 4,544,561.00 | 0.13 | % |
| 11 | MIRIAM CU | PH | 4,173,850.00 | 0.12 | % |
| 12 | CHING, RICHARD | PH | 3,326,331.62 | 0.10 | % |
| 13 | YAP, BASILIO C. | PH | 2,851,890.40 | 0.08 | % |
| 14 | YAP, BENJAMIN C. | PH | 2,564,182.40 | 0.07 | % |
| 15 | YAP-GAW, ROSALINDA C. | PH | 2,564,182.40 | 0.07 | % |
| 16 | UNIMART INC | PH | 2,272,281.00 | 0.07 | % |
| 17 | MAKATI SUPERMARKET CORPORATION | PH | 2,272,281.00 | 0.07 | % |
| 18 | SY, JIMMY | PH | 1,817,826.00 | 0.05 | % |
| 19 | LEE, EDWARD A. | PH | 1,817,826.00 | 0.05 | % |
| 20 | CARLOS UY CORPORATION | PH | 1,817,826.00 | 0.05 | % |
| 21 | MICHAEL ANGELO P &/OR BIENVENIDO U LIM | PH | 1,802,026.00 | 0.05 | % |
| 22 | JOHNNY K CHOA | PH | 1,326,547.00 | 0.04 | % |
| 23 | YAP JR, ENRIQUE Y. | PH | 1,282,090.70 | 0.04 | % |
| 24 | O LEDESMA & CO INC | PH | 1,195,560.00 | 0.03 | % |
| 25 | GOLDCLASS INC. | PH | 1,183,319.00 | 0.03 | % |
| 26 | LEE, CARLOS A. | PH | 1,139,325.00 | 0.03 | % |
| 27 | TIONG KENG CHING | PH | 1,136,140.00 | 0.03 | % |
| 28 | SABINO B PADILLA IV &/OR MA DOMINGA B PADILLA | PH | 1,134,663.00 | 0.03 | % |
| 29 | ZENAIDA GONZALES OR ARNEL GONZALES | PH | 1,127,058.00 | 0.03 | % |
| 30 | YAP III, EMILIO C. | PH | 945,626.47 | 0.03 | % |
| 31 | YAP, JOHNNY C. | PH | 945,626.47 | 0.03 | % |
| 32 | YAP, NICHOL C. | PH | 945,626.46 | 0.03 | % |
| 33 | EDAN CORPORATION | PH | 913,596.00 | 0.03 | % |
| 34 | SY BEE DY | PH | 908,920.00 | 0.03 | % |
| 35 | BARCELON, GEORGE T. | PH | 908,917.00 | 0.03 | % |
| 36 | TIU, EDWARD Y. | PH | 908,915.00 | 0.03 | % |
| 37 | ILUSORIO, ERLINDA K | PH | 908,915.00 | 0.03 | % |
| 38 | MA DOMINGA B &/OR MA BARBARA B PADILLA | PH | 874,969.00 | 0.03 | % |
| 39 | MA BARBARA B &/OR TEODORO B PADILLA | PH | 874,969.00 | 0.03 | % |
| 40 | TEODORO B &/OR MA DOMINGA B PADILLA | PH | 874,966.00 | 0.03 | % |
| 41 | JEANNE SY KING | PH | 818,025.00 | 0.02 | % |
| 42 | CHUNG BUN SIT | PH | 794,463.00 | 0.02 | % |
| 43 | PAN MALAYAN MANAGEMENT & INVESTMENT CORP | PH | 735,641.00 | 0.02 | % |

| | | | | | |
|---|---|---|---|---|---|
| 44 | PINKY ROSE &/OR FLORENTINA PEDRO LIM | PH | 730,067.00 | 0.02 | % |
| 45 | SABINO B PADILLA IV &/OR MA BARBARA B PADILLA | PH | 699,976.00 | 0.02 | % |
| 46 | EDELYN L ONGCHANHOI ITF KAILYN PEARL L ONGCHANHOI | PH | 662,602.00 | 0.02 | % |
| 47 | CARLOS CHUNG BUNSIT | PH | 640,413.00 | 0.02 | % |
| 48 | EDELYN L ONGCHANHOI ITF KEVIN WILLIAM L ONGCHANHOI | PH | 602,367.00 | 0.02 | % |
| 49 | MIRIAM C. CU | PH | 599,319.00 | 0.02 | % |
| 50 | DR. ANACLETO S. HERMOGENES | PH | 568,073.00 | 0.02 | % |
| 51 | SEE, BENITO LAGUNA | PH | 545,351.00 | 0.02 | % |
| 52 | FIDEL V. GIRON | PH | 540,807.00 | 0.02 | % |
| 53 | MIRIAM C. CU | PH | 529,675.00 | 0.02 | % |
| 54 | FERIA, CRISTETA A | PH | 522,626.00 | 0.02 | % |
| 55 | FEDELINA U&/OR ELIODORO J&/OR BETHEL ANN RAVALO&/ | PH | 500,325.00 | 0.01 | % |
| 56 | RONALDO V LAVAPIEZ | PH | 454,457.00 | 0.01 | % |
| 57 | MENDOZA, ALBERTO &/OR JEANIE C | PH | 454,457.00 | 0.01 | % |
| 58 | CONSUNJI, EDWINA A. | PH | 454,457.00 | 0.01 | % |
| 59 | WELDING INDUSTRIES OF THE PHIL. INC. | PH | 454,457.00 | 0.01 | % |
| 60 | ANGEL NGU | PH | 454,457.00 | 0.01 | % |
| 61 | JOHNNY CUA WEN GEE | PH | 431,735.00 | 0.01 | % |
| 62 | NUBLA JR, RALPH | PH | 414,069.00 | 0.01 | % |
| 63 | ANITY TY | PH | 411,355.00 | 0.01 | % |
| 64 | BALTAO, HAZEL P | PH | 383,343.00 | 0.01 | % |
| 65 | JEANNE S KING | PH | 366,924.00 | 0.01 | % |
| 66 | GO, CARLOS S. | PH | 363,572.00 | 0.01 | % |
| 67 | ONG, JOSEPH D. | PH | 363,572.00 | 0.01 | % |
| 68 | TIU, EMILIO | PH | 363,570.00 | 0.01 | % |
| 69 | UY, REMEDIOS | PH | 363,570.00 | 0.01 | % |
| 70 | SY, VICENTE GUEVARA | PH | 363,570.00 | 0.01 | % |
| 71 | MARSHALL COHU ITF: MARC ALLAN C. COHU | PH | 349,879.00 | 0.01 | % |
| 72 | PENA SR, GREGORIO | PH | 343,029.00 | 0.01 | % |
| 73 | YAP JR, EMILIO C | PH | 313,236.00 | 0.01 | % |
| 74 | GO, EUSEBIO S | PH | 290,854.00 | 0.01 | % |
| 75 | YAP, BENJAMIN C. | PH | 287,708.00 | 0.01 | % |
| 76 | V LEYEZA | PH | 278,198.00 | 0.01 | % |
| 77 | JOSEF, JOSEFINA N. | PH | 272,678.00 | 0.01 | % |
| 78 | YAP, FLORENTINO C | PH | 272,678.00 | 0.01 | % |
| 79 | GO, CARLITO C | PH | 272,678.00 | 0.01 | % |
| 80 | TANQUETO JR, PERSHING | PH | 272,677.00 | 0.01 | % |
| 81 | JOSE LIM CHU TICK | PH | 272,677.00 | 0.01 | % |
| 82 | CIPRIANO, PURIFICACION M. | PH | 272,677.00 | 0.01 | % |
| 83 | GAN TIONG CHUA | PH | 272,677.00 | 0.01 | % |
| 84 | GO, WILSON G. | PH | 254,503.00 | 0.01 | % |
| 85 | CHUA HU HUA | PH | 254,498.00 | 0.01 | % |
| 86 | NAPOLEON S TIONGCO &/OR JOHN L TIONGCO | PH | 251,708.00 | 0.01 | % |
| 87 | DANIEL C CU | PH | 247,581.00 | 0.01 | % |
| 88 | ESTATE DEVELOPERS AND INVESTORS CORP | PH | 242,861.00 | 0.01 | % |
| 89 | ELIODORO J. RAVALO | PH | 240,863.00 | 0.01 | % |
| 90 | MENDOZA, AMORSOLO V | PH | 239,383.00 | 0.01 | % |

| | | | | | |
|---|---|---|---|---|---|
| 91 | ANDREA D DOMINGO | PH | 234,440.00 | 0.01 | % |
| 92 | OPPEN, ANTONIO C. | PH | 230,848.00 | 0.01 | % |
| 93 | JESSE REYES | PH | 227,237.00 | 0.01 | % |
| 94 | P & A AGRICULTURAL & TRADING CORPORATION | PH | 227,230.00 | 0.01 | % |
| 95 | YUQUICO, GEORGE | PH | 218,144.00 | 0.01 | % |
| 96 | JOSE C FELICIANO &/OR PONCIANA M FELICIANO | PH | 209,054.00 | 0.01 | % |
| 97 | DY QUIM PONG | PH | 206,449.00 | 0.01 | % |
| 98 | PLACIDO E. LABAO | PH | 204,509.00 | 0.01 | % |
| 99 | YAP, ARSENIO ISIDRO G. | PH | 199,961.00 | 0.01 | % |
| 100 | LUY KIM GUAN | PH | 199,168.50 | 0.01 | % |

**BENEFICIAL OWNER REPORT**

Company Code - MB0000000000 & Company Name - MANILA BULLETIN

Business Date: March 28, 2018

| BPNAME | HOLDINGS |
|---|---|
| SOLAR SECURITIES, INC. | 28,732,384 |
| COL Financial Group, Inc. | 12,811,436 |
| ABACUS SECURITIES CORPORATION | 12,692,347 |
| PHIL-PROGRESS SECURITIES CORPORATION | 12,447,487 |
| MANDARIN SECURITIES CORPORATION | 8,015,234 |
| QUALITY INVESTMENTS & SECURITIES CORPORATION | 6,969,419 |
| HDI SECURITIES, INC. | 6,073,005 |
| AB CAPITAL SECURITIES, INC. | 4,985,678 |
| BPI SECURITIES CORPORATION | 4,962,874 |
| UPCC SECURITIES CORP. | 4,674,051 |
| TRI-STATE SECURITIES, INC. | 4,471,085 |
| PNB SECURITIES, INC. | 4,101,645 |
| FIRST METRO SECURITIES BROKERAGE CORP. | 3,795,674 |
| EVERGREEN STOCK BROKERAGE & SEC., INC. | 3,601,521 |
| LUYS SECURITIES COMPANY, INC. | 3,379,933 |
| SB EQUITIES,INC. | 3,181,226 |
| ANSALDO, GODINEZ & CO., INC. | 2,697,028 |
| EASTERN SECURITIES DEVELOPMENT CORPORATION | 2,353,853 |
| R. NUBLA SECURITIES, INC. | 1,925,660 |
| RCBC SECURITIES, INC. | 1,785,488 |
| SUMMIT SECURITIES, INC. | 1,644,341 |
| BDO SECURITIES CORPORATION | 1,635,506 |
| PAPA SECURITIES CORPORATION | 1,594,917 |
| MAYBANK ATR KIM ENG SECURITIES, INC. | 1,510,111 |
| DIVERSIFIED SECURITIES, INC. | 1,501,863 |
| E. CHUA CHIACO SECURITIES, INC. | 1,442,279 |
| STRATEGIC EQUITIES CORP. | 1,435,367 |
| PHILSTOCKS FINANCIAL INC | 1,367,085 |
| TANSENGCO & CO., INC. | 1,246,532 |
| TOWER SECURITIES, INC. | 1,159,174 |
| AP SECURITIES INCORPORATED | 1,130,960 |
| A & A SECURITIES, INC. | 1,114,070 |
| PAN ASIA SECURITIES CORP. | 1,089,401 |
| GLOBALINKS SECURITIES & STOCKS, INC. | 1,062,096 |
| NEW WORLD SECURITIES CO., INC. | 1,049,254 |
| VENTURE SECURITIES, INC. | 1,045,214 |
| G.D. TAN & COMPANY, INC. | 1,042,670 |
| INVESTORS SECURITIES, INC, | 998,807 |
| R. S. LIM & CO., INC. | 925,095 |
| CITIBANK N.A. | 845,630 |
| TRITON SECURITIES CORP. | 838,046 |
| STANDARD SECURITIES CORPORATION | 743,992 |
| WEALTH SECURITIES, INC. | 740,033 |
| YU & COMPANY, INC. | 723,033 |
| IGC SECURITIES INC. | 689,310 |
| UNICAPITAL SECURITIES INC. | 673,833 |
| MERCANTILE SECURITIES CORP. | 609,337 |
| WESTLINK GLOBAL EQUITIES, INC. | 560,918 |
| DAVID GO SECURITIES CORP. | 556,576 |
| PREMIUM SECURITIES, INC. | 523,919 |
| R & L INVESTMENTS, INC. | 520,752 |
| R. COYIUTO SECURITIES, INC. | 489,313 |
| GUILD SECURITIES, INC. | 484,918 |
| REGINA CAPITAL DEVELOPMENT CORPORATION | 479,945 |

| BPNAME | HOLDINGS |
|---|---|
| MOUNT PEAK SECURITIES, INC. | 410,664 |
| ARMSTRONG SECURITIES, INC. | 393,427 |
| H. E. BENNETT SECURITIES, INC. | 362,134 |
| BERNAD SECURITIES, INC. | 324,417 |
| A. T. DE CASTRO SECURITIES CORP. | 318,427 |
| BDO NOMURA SECURITIES INC | 296,171 |
| INTRA-INVEST SECURITIES, INC. | 286,472 |
| OPTIMUM SECURITIES CORPORATION | 263,143 |
| BELSON SECURITIES, INC. | 257,345 |
| BA SECURITIES, INC. | 204,889 |
| JSG SECURITIES, INC. | 196,536 |
| SINCERE SECURITIES CORPORATION | 185,889 |
| RCBC TRUST & INVESTMENT DIVISION | 172,326 |
| PNB TRUST BANKING GROUP | 170,772 |
| ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP. | 166,437 |
| NIEVES SECURITIES, INC. | 159,135 |
| GOLDSTAR SECURITIES, INC. | 158,402 |
| JAKA SECURITIES CORP. | 137,555 |
| S.J. ROXAS & CO., INC. | 123,019 |
| EQUITIWORLD SECURITIES, INC. | 121,369 |
| COHERCO SECURITIES, INC. | 106,000 |
| YAO & ZIALCITA, INC. | 105,635 |
| GOLDEN TOWER SECURITIES & HOLDINGS, INC. | 102,470 |
| MDR SECURITIES, INC. | 101,593 |
| TIMSON SECURITIES, INC. | 97,880 |
| ASIASEC EQUITIES, INC. | 89,750 |
| ALPHA SECURITIES CORP. | 89,178 |
| ASTRA SECURITIES CORPORATION | 88,238 |
| CITISECURITIES, INC. | 84,883 |
| DA MARKET SECURITIES, INC. | 81,349 |
| E.SECURITIES, INC. | 79,693 |
| PCCI SECURITIES BROKERS CORP. | 72,375 |
| BENJAMIN CO CA & CO., INC. | 66,272 |
| UCPB SECURITIES, INC. | 60,457 |
| IMPERIAL,DE GUZMAN,ABALOS & CO.,INC. | 57,289 |
| I. ACKERMAN & CO., INC. | 56,465 |
| B. H. CHUA SECURITIES CORPORATION | 54,209 |
| CAMPOS, LANUZA & COMPANY, INC. | 48,592 |
| F. YAP SECURITIES, INC. | 46,605 |
| DEUTSCHE REGIS PARTNERS, INC. | 43,463 |
| RTG & COMPANY, INC. | 37,905 |
| AAA SOUTHEAST EQUITIES, INCORPORATED | 34,959 |
| LARRGO SECURITIES CO., INC. | 28,160 |
| PLATINUM SECURITIES, INC. | 26,478 |
| J.M. BARCELON & CO., INC. | 22,601 |
| TRANS-ASIA SECURITIES, INC. | 20,154 |
| FIDELITY SECURITIES, INC. | 18,735 |
| PHILIPPINE EQUITY PARTNERS, INC. | 18,524 |
| RCBC TRUST & INVESTMENT DIVISION - VARIOUS TAXABLE ACCTS | 18,269 |
| EQUITABLE SECURIITES (PHILS.) INC. | 11,899 |
| SALISBURY BKT SECURITIES CORPORATION | 11,756 |
| I. B. GIMENEZ SECURITIES, INC. | 8,302 |
| DBP-DAIWA CAPITAL MARKETS PHILPPINES, INC. | 7,609 |
| FIRST INTEGRATED CAPITAL SECURITIES, INC. | 6,177 |
| EAGLE EQUITIES, INC. | 5,960 |
| SUPREME STOCKBROKERS, INC | 5,429 |
| HK SECURITIES, INC. | 4,837 |
| CUALOPING SECURITIES CORPORATION | 3,646 |
| LUCKY SECURITIES, INC. | 1,850 |
| FIRST ORIENT SECURITIES, INC. | 1,454 |

| BPNAME | HOLDINGS |
|---|---|
| MANILA BULLETIN PUBLISHING CORP. | 1,236 |
| LOPEZ, LOCSIN, LEDESMA & CO., INC. | 659 |
| EAST WEST CAPITAL CORPORATION | 559 |
| WONG SECURITIES CORPORATION | 306 |
| SunSecurities, Inc. | 138 |
| MERIDIAN SECURITIES, INC. | 119 |
| ASIAN CAPITAL EQUITIES, INC. | 23 |
| FORTUNE SECURITIES, INC. | 14 |

| | |
|---|---|
| **TOTAL** | **173,670,008** |

If no written notice of any error or correction is received by PDTC within five (5) calendar days from receipt hereof, you shall be deemed to have accepted the accuracy and completeness of the details indicated in this report.

This document is computer generated and requires no signature.

# MANILA BULLETIN PUBLISHING CORPORATION

## AUDITED FINANCIAL STATEMENTS

*December 31, 2017*

*with Report of Independent Auditors*

MANILA BULLETIN
PUBLISHING CORPORATION

TEL (+632) 527-8121 FAX 527-7510
ADVERTISING 527-7524 FAX 527-7533
CIRCULATION 527-7522 FAX 527-7526
WWW.MB.COM.PH

P.O. BOX 769
MANILA BULLETIN BUILDING
MURALLA COR. RECOLETOS STS.
INTRAMUROS, MANILA, PHILIPPINES

## STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Securities and Exchange Commission
Secretariat Bldg., PICC Complex,
Roxas Boulevard, Pasay City

The management of Manila Bulletin Publishing Corporation is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2017 and 2016, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

Mendoza, Querido & Co. and Mangay – ayam, Lim & Co., the independent auditors appointed by the Board of Directors for the years ended December 31, 2017 and 2016, respectively, have examined the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the shareholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

**BASILIO C. YAP**
Chairman of the Board

**HERMOGENES P. POBRE**
President

Josephine M. Abad
**JOSEPHINE M. ABAD**
Assistant Treasurer

Signed this 5th day of April, 2018

SUBSCRIBED AND SWORN TO before me this 5th day of April 2018 in Makati City, Metro Manila; affiants exhibiting to me their SSS ID and Taxpayer's identification Number (TIN) as follows: BASILIO C. YAP (TIN 132-309-833), HERMOGENES P. POBRE (SSS No.03-0222530-5) and JOSEPHINE M. ABAD (SSS No.03-2525526-8).

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Book No. 156
Series of 2018

DYLAN I. FELICIDARIO
Notary Public Until December 31, 2019
Notarial Commission No. 2018-007
Roll No. 43016
PTR No. 7009457/01-08-18/Manila
MCLE Compliance No. V-0014949
IBP Nos. 017683 (2018) & 017684 (2019)/11-23-17
Manila Bulletin Bldg/Intramuros, Manila

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PUBLISHING CORPORATION

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INTRAMUROS, MANILA, PHILIPPINES

## STATEMENT OF MANAGEMENT RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Commissioner
Bureau of Internal Revenue
Quezon City

The Management of Manila Bulletin Publishing Corporation is responsible for all information and representation contained in the annual income tax return for the year ended December 31, 2017. Management is likewise responsible for all information and representation contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period including but not limited, to the value added tax and/or percentage tax return, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2017 and the accompanying Annual Income Tax Return are in accordance with the books and records of Manila Bulletin Publishing Corporation complete and correct in all material respects. The Management likewise affirms that:

a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulation and other issuances of the Department of Finance and the Bureau of Internal Revenue.
b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulation No. 8-2007 and other relevant issuances;
c) Manila Bulletin Publishing Corporation has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

**BASILIO C. YAP**
Chairman of the Board

**HERMOGENES P. POBRE**
President

Josephine M. Abad
**JOSEPHINE M. ABAD**
Assistant Treasurer

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date APR 16 2018
RECEIVED
ROMEO Z. MIRANO

TEL (+632) 527-8121 FAX 527-7510
ADVERTISING 527-7524 FAX 527-7533
CIRCULATION 527-7522 FAX 527-7526
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MANILA BULLETIN BUILDING
MURALLA COR. RECOLETOS STS.
INTRAMUROS, MANILA, PHILIPPINES

## CERTIFICATE ON THE COMPILATION SERVICES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS

I hereby certify that I am the Certified Public Accountant (CPA) who performed the compilation services related to the preparation and presentation of financial information of an entity in accordance with applicable financial reporting framework and reports as required by accounting and auditing standards for Manila Bulletin Publishing Corporation for the period ending December 31, 2017.

In discharging this responsibility, I hereby declare that:

I am the Assistant Vice President/Chief Accountant of Manila Bulletin Publishing Corporation

Furthermore, in my compilation services for the preparation of the Financial Statements and Notes to the Financial Statements, I was not assigned by or did not avail of the services of Mendoza, Querido & Co. who is the external auditor who rendered the audit opinion for the said Financial Statements and Notes to the Financial Statements.

I hereby declare under penalties of perjury and violation of Republic Act No. 9298, that my statements are true and correct.

ELIZABETH T. MORALES
Professional Identification Card No.: 0052171
Valid until: June 6, 2019

SUBSCRIBED AND SWORN TO before me this 13th day of April 2018 in Manila, Metro Manila; affiant exhibiting to me her UMID 0003-6411396-3.

DYLAN I. FELICIDARIO
Notary Public Until December 31, 2019
Notarial Commission No. 2018-007
Roll No. 43016
PTR No. 7009457/01-08-18/Manila
MCLE Compliance No. V-0014949
IBP Nos. 017683 (2018) & 017684 [illegible]
Manila Bulletin Bldg., Intramuros, Manila

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Book No. 154
Series of 2018

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date APR 16 2018
RECEIVED
ROMEO [illegible] MIRANO

MOORE STEPHENS

M&Q
Mendoza Querido & Co.
A member firm of Moore Stephens International Limited

19th Floor, The Salcedo Towers
169 H.V. de la Costa St.
Salcedo Village, Makati City 1227 Philippines

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PRC/BOA Accreditation No. 0966
October 20, 2017, valid until September 7, 2020
SEC Accreditation No. 0268-FR-1 (Group A)
March 2, 2017, valid until March 1, 2020

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Manila Bulletin Publishing Corporation
Manila Bulletin Building
Muralla corner Recoletos Streets
Intramuros, Manila

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of Manila Bulletin Publishing Corporation (the Company), which comprise the statement of financial position as at December 31, 2017 and the statement of comprehensive income, statement of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

*Basis for Opinion*

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

a) Recovery of Receivables

*Description of the Matter*

As at December 31, 2017, the Company had receivables of P1,728.4 million and the provision for impairment of trade and other receivables amounted to P93.3 million. In the event of insolvency of customers, the Company is exposed to a heightened risk of significant financial loss when the customers fail to meet their contractual obligations in accordance with the requirements of the agreements. Management assessed the recoverability of trade receivables by reviewing customers' aging profile, credit history and status of subsequent settlement, and determine whether an impairment provision is required. For the purpose of impairment assessment, significant judgement and assumptions, including the credit risks of customers, the timing and amount of realization of these receivables, are required for identification of impairment events and the determination of the impairment change.

*How the Matter was Addressed in the Audit*

Our audit procedures in relation to the recoverability of receivables include:

- Understood and tested the Company's credit control procedures and tested key controls over granting of credits to customers.
- Verified the balances of trade receivables by requesting and receiving confirmations on a sample basis;
- Tested aging of trade receivable balances at year end on a sample basis;
- Obtained a list of long outstanding receivables and identified any debtors with financial difficulty through discussion with management as well as conducting market research on the industry;
- Assessed the recoverability of these outstanding receivables through our discussion with management and with reference to credit profile of the customers, publicly available information and latest correspondence with customers; and
- Assessed the recoverability of the balances by comparing the outstanding amounts as at year end against subsequent settlements.

From this assessment, we conclude that these receivables, subject to the allowance for impairment loss, are fully recoverable and appropriately measured in the company financial statements. Furthermore, the information disclosed in the financial statements in respect of credit risk on trade receivables is sufficient.

b) Existence and Completeness of Merchandise Inventories

*Description of the Matter*

As at December 31, 2017, the Company's inventories amounted to P1,336.0 million, representing 41% and 22% of the Company's total current assets and total assets, respectively. These are disclosed in Note 6 to financial statements. These inventories mainly consist of inventories in the central warehouses and inventories kept at distribution centers. Valuation of the inventories is at cost or at lower net realizable value. Valuation at cost includes different components and the assessment of revaluation of inventories to net realizable value is mainly based on management estimates. This, in combination with the significant share of inventories as part of total assets, made us conclude that existence and valuation of inventories are key audit matter of our audit.

*How the Matter was Addressed in the Audit*

Our audit procedures included testing the internal controls over the inventories as well as substantive testing of quantity and price components affecting the inventory value. We assessed the Company's stock taking processes and observed the inventory count at the central warehouse during the financial year. In addition, we performed a recalculation of the major inventory balances at the year end. We also inspected the Company's inventory count rate reports relating to inventory coverage and analyzed inventory differences in order to detect possible deviations. We analyzed, among others, negative balances and slow-moving items using data analyses at the year end. In addition, we considered the principles for accounting the inventory write-downs and adequacy of the write-downs recognized in the financial statements. Based on the procedures described we consider management's estimates, which are the basis of the inventory valuation, as acceptable.

c) Useful Lives of Property, Plant and Equipment

*Description of the Matter*

The useful lives of property, plant and equipment has been identified as a key audit matter as property, plant and equipment is the most significant balance sheet item in the financial statements and given the subjectivity of the assessment of the useful lives. The carrying value of property, plant and equipment as at December 31, 2017 amounts to P2,544.0 million, divided in land, buildings, leasehold improvements, machineries, tools and equipment, furniture, fixtures and equipment and transportation equipment. Based on PFRS, management is required to annually reconsider the useful lives of property, plant and equipment. Due to the carrying value amounting to P1,832.7 million, the reconsideration of the useful lives of machineries, tools and equipment was especially significant for our audit. As a result of the continuous modernization of its facilities and computerization of the entire process of printing, the estimates of useful lives of machineries, tools and equipment are affected by these technological advancements. This judgment on underlying assumptions, and is inherently subjective. In 2017, the management board extensively evaluated the useful lives of property, plant and equipment with specific attention for the machineries, tools and equipment. This evaluation did not result in any adjustments of the useful lives of property, plant and equipment.

*How the Matter was Addressed in the Audit*

As part of our audit work, we tested the reasonable and consistent application of the underlying assumptions in the annual evaluation performed by management of the useful lives and the carrying value as at December 31, 2017 of separate groups of assets taking into account aforementioned developments. We used, among others, known maintenance data and planned investments, based on the Company's long-term strategic plans. From this analysis, among other things, it was concluded that on the basis of PAS 16, the economic life of the property, plant and equipment are reasonable.

We concur with the management board's conclusion as at December 31, 2017 no adjustment is needed in the useful lives of property, plant and equipment.

d) Auditor Transition, Including the Audit of Opening Balances

*Description of the Matter*

Initial audit engagements involve a number of considerations not associated with recurring audits. We identified the audit transition, including the audit of the opening balance as a key audit matter as this involves additional planning activities and considerations necessary to establish an appropriate audit plan and strategy. This included gaining an understanding of the Company's control environment and information systems, sufficient to make an audit assessment and develop the audit strategy and plan. We studied the 2016 and 2015 audited financial statements of the Company to learn about the Company, its key accounts and issues and ensure that these are also properly addressed by us in 2017.

*How the Matter was Addressed in the Audit*

In order to comply with our professional standards to obtain sufficient audit evidence about the opening balances and comprehensive figures, we reviewed the audit files of the opening balances and comparative figures, we reviewed the audit files of the predecessor auditor and had frequent interaction and a formal hand over process with them including performing additional procedures on selected subsequent events.

*Other Matter*

The financial statements of the Company as at and for the year ended December 31, 2016 was audited by another auditor who expressed an unmodified opinion on those statements on April 12, 2017.

*Other Information*

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2017, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2017 are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

*Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on the Supplementary Information Required Under Revenue Regulation No. 15- 2010**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations no. 15-2010 in Note 30 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in our audit

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of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Richard S. Querido.

For the Firm: **MENDOZA QUERIDO & CO.**

**RICHARD S. QUERIDO**
Partner
CPA Certificate No. 84807
SEC Accreditation No. 1319-AR-1 (Group A)
March 2, 2017, valid until March 1, 2020
TIN 102-094-633
BIR Accreditation No. 08-002617-002-2015
December 18, 2015, valid until December 17, 2018
PTR No. 6628557, January 10, 2018, Makati City

April 5, 2018

LARGE TAXPAYERS SERVICE
Date APR 16 20[illegible]
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# MANILA BULLETIN PUBLISHING CORPORATION
## STATEMENT OF FINANCIAL POSITION
## DECEMBER 31, 2017
(With comparative figures as at December 31, 2016)
**(In Philippine Peso)**



| | Notes | 2017 | 2016 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current** | | | |
| Cash | 4 | P 56,785,770 | P 84,372,530 |
| Trade and other receivables | 5 | 1,728,436,001 | 2,020,442,832 |
| Inventories | 6 | 1,336,004,881 | 1,386,850,836 |
| Other current assets | 7 | 104,107,805 | 51,923,009 |
| | | 3,225,334,457 | 3,543,589,207 |
| **Non-current** | | | |
| Property, plant and equipment | 8,14 | 2,544,036,832 | 2,666,830,240 |
| Investment property | 9 | 94,808,970 | 94,808,970 |
| Deferred tax asset - net | 21 | 67,058,725 | 56,278,665 |
| Prepaid benefit obligation | 22 | 19,570,740 | 23,007,783 |
| Goodwill | 10 | 5,000,000 | 5,000,000 |
| Other non-current assets | 11 | 186,713,690 | 164,501,438 |
| | | 2,917,188,957 | 3,010,427,096 |
| | | P 6,142,523,414 | P 6,554,016,303 |
| **LIABILITIES AND EQUITY** | | | |
| **LIABILITIES** | | | |
| **Current** | | | |
| Trade and other payables | 12 | P 1,161,102,218 | P 1,631,214,819 |
| Trust receipts payable | 13 | 82,813,354 | 121,499,611 |
| Short-term loans payable | 8,14 | 335,000,000 | 412,000,000 |
| Income tax payable | | 2,635,616 | 1,998,057 |
| | | 1,581,551,188 | 2,166,712,487 |
| **Noncurrent** | | | |
| Long-term loans payable | 8,14 | 1,000,000,000 | 860,000,000 |
| **Equity** | | | |
| Share capital | 15 | 3,475,463,722 | 3,475,463,722 |
| Retained earnings | 15 | 192,894,782 | 143,027,875 |
| Accumulated remeasurement losses on retirement benefit plan | 22 | (91,038,301) | (74,839,804) |
| Treasury shares | 15 | (16,347,977) | (16,347,977) |
| | | 3,560,972,226 | 3,527,303,816 |
| | | P 6,142,523,414 | P 6,554,016,303 |

*See accompanying notes to financial statements.*

**MANILA BULLETIN PUBLISHING CORPORATION**
**STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED DECEMBER 31, 2017**
(With comparative figures for 2016 and 2015)
**(In Philippine Peso)**

| | Notes | | 2017 | | 2016 | | 2015 |
|---|---|---|---|---|---|---|---|
| **REVENUES** | 16 | P | **2,142,006,441** | P | 2,548,549,162 | P | 2,805,961,573 |
| **COST OF SALES AND SERVICES** | 17 | | **1,374,350,105** | | 1,734,937,325 | | 1,833,989,063 |
| **GROSS PROFIT** | | | **767,656,336** | | 813,611,837 | | 971,972,510 |
| **OTHER OPERATING INCOME** | 18 | | **96,655,709** | | 106,476,514 | | 140,801,161 |
| **OPERATING EXPENSES** | 19 | | **773,669,558** | | 831,508,409 | | 997,562,179 |
| **OPERATING INCOME** | | | **90,642,487** | | 88,579,942 | | 115,211,492 |
| **OTHER INCOME** | 20 | | **22,159,783** | | 9,336,463 | | 9,615,920 |
| **INCOME BEFORE INTEREST EXPENSE** | | | **112,802,270** | | 97,916,405 | | 124,827,412 |
| **INTEREST EXPENSE** | 13,14 | | **48,730,443** | | 42,373,798 | | 43,196,382 |
| **INCOME BEFORE INCOME TAX** | | | **64,071,827** | | 55,542,607 | | 81,631,030 |
| **PROVISION FOR INCOME TAX** | 21 | | **14,204,920** | | 13,013,498 | | 21,500,636 |
| **NET INCOME** | | | **49,866,907** | | 42,529,109 | | 60,130,394 |
| **OTHER COMPREHENSIVE INCOME (LOSS)** | | | | | | | |
| **Items that will not be reclassified into profit or loss:** | | | | | | | |
| Remeasurement (losses) gain on retirement benefit plan | 22 | | **(23,140,710)** | | (3,580,494) | | 2,744,191 |
| Income tax effect | 21 | | **6,942,213** | | 1,074,148 | | (823,258) |
| | | | **(16,198,497)** | | (2,506,346) | | 1,920,933 |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | P | **33,668,410** | P | 40,022,763 | P | 62,051,327 |
| **EARNINGS PER SHARE** | | | | | | | |
| Basic/Diluted | 23 | P | **0.01** | P | 0.01 | P | 0.02 |

*See accompanying notes to financial statements*

# MANILA BULLETIN PUBLISHING CORPORATION
## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED DECEMBER 31, 2017
(With comparative figures for 2016 and 2015)
**(In Philippine Peso)**

| | Notes | 2017 | 2016 | 2015 |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Income before income tax | | P **64,071,827** | P 55,542,607 | P 81,631,030 |
| Adjustments for: | | | | |
| Depreciation and amortization | 8,19 | **70,170,137** | 76,744,692 | 77,847,842 |
| Provision for impairment losses | 5,19 | **13,064,968** | 18,269,320 | 77,002,757 |
| Gain on disposal of property, plant and equipment | 20 | **(12,700,000)** | (111,999) | - |
| Interest income | 4,20 | **(86,074)** | (70,329) | (45,291) |
| Interest expense | 14 | **48,730,443** | 42,373,798 | 43,196,382 |
| Retirement expense | 22 | **7,618,472** | 8,996,527 | 10,472,894 |
| Operating income before changes in operating assets and liabilities | | **190,869,773** | 201,744,616 | 290,105,614 |
| Changes in operating assets and liabilities: | | | | |
| (Increase) decrease in: | | | | |
| Trade and other receivables | 5 | **278,941,863** | 61,978,713 | (77,528,522) |
| Inventories | 6 | **50,845,955** | (38,281,047) | (108,357,582) |
| Other current assets | 7 | **(52,184,796)** | (17,653,426) | 83,100,007 |
| Other non-current assets | 11 | **(22,212,252)** | 2,158,496 | (4,457,803) |
| Increase (decrease) in: | | | | |
| Trade and other payables | 12 | **(470,112,601)** | (401,751,429) | (354,413,784) |
| Trust receipts payable | 13 | **(38,686,257)** | (66,244,861) | (8,798,482) |
| Cash used in operations | | **(62,538,315)** | (258,048,938) | (180,350,552) |
| Contributions paid | 22 | **(27,322,139)** | (19,693,687) | (17,142,631) |
| Income taxes paid | | **(17,405,208)** | (22,960,916) | (29,288,140) |
| Net cash used in operating activities | | **(107,179,588)** | (300,633,212) | (226,736,032) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Acquisitions of property, plant and equipment | 8,14 | **(24,757,447)** | (39,814,061) | (53,704,444) |
| Proceeds from disposal of property, plant and equipment | 8 | **90,080,718** | 111,999 | 8,000,000 |
| Net cash provided by (used in) investing activities | | **65,323,271** | (39,702,062) | (45,704,444) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Payments of: | | | | |
| Loans | 8,14 | **(455,000,000)** | (186,500,000) | (599,500,000) |
| Interest | 14 | **(48,730,443)** | (42,373,798) | (43,196,382) |
| Proceeds from availments of loan | 14 | **518,000,000** | 593,500,000 | 865,000,000 |
| Net cash provided by financing activities | | **14,269,557** | 364,626,202 | 222,303,618 |
| **INCREASE (DECREASE) IN CASH** | | **(27,586,760)** | 24,290,928 | (50,136,858) |
| **CASH, AT BEGINNING OF YEAR** | | **84,372,530** | 60,081,602 | 110,218,460 |
| **CASH, AT END OF YEAR** | 4 | P **56,785,770** | P 84,372,530 | P 60,081,602 |

*See accompanying notes to financial statements*

# MANILA BULLETIN PUBLISHING CORPORATION
## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED DECEMBER 31, 2017
(With comparative figures for 2016 and 2015)
**(In Philippine Peso)**

| | Share Capital *(Note 15)* | Retained Earnings *(Note 15)* | Remeasurement Losses on Retirement Benefit Plan *(Note 22)* | Treasury Shares *(Note 15)* | Total |
|---|---|---|---|---|---|
| **As at January 1, 2017** | **P 3,475,463,722** | **P 143,027,875** | **P (74,839,804)** | **P (16,347,977)** | **P 3,527,303,816** |
| **Total comprehensive income** | | | | | |
| **Net income** | **-** | **49,866,907** | **-** | **-** | **49,866,907** |
| **Other comprehensive income** | | | | | |
| **Remeasurement losses on retirement benefit plan** | **-** | **-** | **(16,198,497)** | **-** | **(16,198,497)** |
| **Total comprehensive income for the year** | **-** | **49,866,907** | **(16,198,497)** | **-** | **33,668,410** |
| **Stock dividend** | **-** | **-** | **-** | **-** | **-** |
| **As at December 31, 2017** | **P 3,475,463,722** | **P 192,894,782** | **P (91,038,301)** | **P (16,347,977)** | **P 3,560,972,226** |
| As at January 1, 2016 | P 3,374,508,215 | P 201,454,273 | P (72,333,458) | P (16,347,977) | P 3,487,281,053 |
| Total comprehensive income | | | | | |
| Net income | - | 42,529,109 | - | - | 42,529,109 |
| Remeasurement losses on retirement benefit plan | - | - | (2,506,346) | - | (2,506,346) |
| Total comprehensive income for the year | - | 42,529,109 | (2,506,346) | - | 40,022,763 |
| Stock dividend | 100,955,507 | (100,955,507) | - | - | - |
| As at December 31, 2016 | P 3,475,463,722 | P 143,027,875 | P (74,839,804) | P (16,347,977) | P 3,527,303,816 |
| As at January 1, 2015 | P 3,276,493,160 | P 239,338,934 | P (74,254,391) | P (16,347,977) | P 3,425,229,726 |
| Total comprehensive income | | | | | |
| Net income | - | 60,130,394 | - | - | 60,130,394 |
| Other comprehensive loss | | | | | |
| Remeasurement gain on retirement benefit plan | - | - | 1,920,933 | - | 1,920,933 |
| Total comprehensive income for the year | - | 60,130,394 | 1,920,933 | - | 62,051,327 |
| Stock dividends | 98,015,055 | (98,015,055) | - | - | - |
| As at December 31, 2015 | P 3,374,508,215 | P 201,454,273 | P (72,333,458) | P (16,347,977) | P 3,487,281,053 |

*See accompanying notes to financial statements.*

## 1. Corporate Information

Manila Bulletin Publishing Corporation (the 'Company') was founded as the Daily Bulletin on February 02, 1900 for the purpose of engaging in the publishing business. The Company was incorporated on June 12, 1912 as Bulletin Publishing Company, and re-incorporated and registered with the Securities and Exchange Commission (SEC) under SEC registration number 15923 on September 25, 1959 as Bulletin Publishing Corporation. On June 22, 1989, the corporate name was amended to present one. Its principal office is located at Manila Bulletin Building, Muralla corner Recoletos Streets, Intramuros, Manila. It is the first newspaper company in the Philippines to go public. As of this date, it is the oldest newspaper publisher in the country and the second oldest English newspaper in the Far East. It started as a commercial newspaper, publishing advertisements of shipping companies.

It has maintained its leadership in the newspaper industry and in the publications of magazines with its advertisements, circulation and clientele. The broad sheet, Manila Bulletin is published seven days a week; the Philippine Panorama, a Sunday Weekly Magazine; Style Weekend, a Friday Weekly Magazine; Travel Magazine, published every second and fourth Thursday of the month; Tempo, a daily English tabloid; Balita, a daily Filipino; monthly magazines, namely: Agriculture, to help boost food production and promote livelihood programs; Cruising for sports and travel; Sense and Style, an upscale magazine, covers various facets lifestyle from its core content on homes and gardening to beauty and fashion, health and fitness, career, cooking and dining, travel, leisure and everything relevant to busy young urbanities; Animal Scene, which focuses on animals from pets to endangered species; and Sports Digest for sports aficionados and healthy entertainment; Sense and Style Magazine for woman's fashion and beauty.

On July 01, 2005, Manila Bulletin Publishing Corporation acquired from Liwayway Publishing, Inc., its Tagalog daily newspaper, Balita, and weekly vernacular magazines, Liwayway, Bisaya, Hiligaynon and Bannawag including their trade names.

On June 08, 1989, the Board of Directors and Stockholders approved to extend the original corporate life of fifty (50) years for another 50 years from and after September 25, 2009, the expiry date of original term. The SEC approved the Amended Articles of Incorporation ("AoI") on May 22, 2017.

On September 29, 2016, the Philippine Stock Exchange (PSE) has suspended trading of Company's shares until pending submission of its amended AoI showing extension of its corporate life beyond its original expiry of September 25, 2009. The Company submitted to the PSE the approved amended AoI and the suspension on the trading of shares was lifted on June 20, 2017.

The Company is 54.20% owned by U.S. Automotive Co., Inc, which is also incorporated in the Philippines.

Authorization for Issue of the Financial Statements
The financial statements of the Company were authorized for issue by the Board of Directors (BOD) on April 5, 2018.

## 2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation
The accompanying financial statements of the Company have been prepared under the historical cost convention basis. The financial statements are presented in Philippine Peso, which is the Company's functional and presentation currency. All financial information is rounded off to the nearest peso, except when otherwise indicated.

Statement of Compliance
The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). The term PFRS includes all applicable PFRS, Philippine Accounting Standards (PAS) and interpretation, which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC, including SEC pronouncements.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended standards and improvements to PFRS which the Company has adopted starting January 01, 2017. Unless otherwise indicated, the adoption did not have any significant impact on the financial statements of the Company.

*Amendments*

- PAS 7, *Disclosure Initiative*
  This requires entities to provide disclosure about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes such as foreign exchange gains and losses. The Company has provided the required information in Note 14 to the financial statements for the changes from financing activities as at December 31, 2017 and 2016.

- PAS 12, *Recognition of Deferred Tax Assets for Unrealized Losses – Clarification on the accounting for deferred tax assets on debt instruments measured at fair value.*

  The focus of the amendments is to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost. The amendments provide guidance in the following areas where diversity in practice previously existed: (a) existence of a deductible temporary difference; (b) recovering an asset for more than its carrying amount; (c) probable future taxable profit against which deductible temporary differences are assessed for utilization; and, (d) combined versus separate assessment of deferred tax asset recognition for each deductible temporary difference. The application of this amendment had no impact on the Company's financial statements.

- PFRS 12, *Disclosure of Interests in Other Entities– Clarification on the disclosure requirements on the investments in other entities.*

  Annual improvements to PFRS (2014-2016 Cycle) made minor amendments to PFRS 12 (Amendments), *Disclosure of Interest in Other Entities Scope Clarification on Disclosure of Summarized Financial Information for Interests classified as held for sale*. The amendment clarifies that the disclosure requirements of PFRS 12 applies to interest in other entities classified as held for sale with practical concession in the presentation of summarized financial information. The amendment states that an entity need not present summarized financial information for interests in subsidiaries, associates, or joint ventures that are classified as held for sale. The application of this amendment had no impact on the Company's financial statements.

Standards Issued but not yet Effective
There are new PFRS, amendments, interpretation and annual improvements, to existing standards effective for annual periods subsequent to 2017, which are adopted by the Financial Reporting Standard Council (FRSC). Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements:

*Effective beginning on or after January 1, 2018*

*New Standards*

- PFRS 9 (2014), *Financial Instruments*

  PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39*, Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Company plans to adopt the new standard on the mandatory effective date and will not restate comparative information.

- PFRS 15, *Revenue from Contracts with Customers*

  PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 01, 2018. The Company is currently assessing the impact of adopting PFRS 15.

- Philippine Interpretations IFRIC 22, *Foreign Currency Transaction and Advance Consideration*

  Philippine Interpretation IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

  The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts.

- Amendments to PAS 40, *Investment Property*

  The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the change in use. The Company is currently assessing the impact of adopting PAS 40.

- Amendments to PAS 28, *Investment in Associate and Joint Venture - Measuring an associate or joint venture at fair value*

  The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. Further if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interest in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The application of this amendment had no impact on the Company's financial statements.

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*

  The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted. The Company is currently assessing the impact of PFRS 2.

- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments*, with PFRS 4

  The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 01, 2021. The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9. The application of this amendment had no impact on the Company's financial statements.

*Effective beginning on or after January 01, 2019*

*New Standards*

- PFRS 16, *Leases*

  Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements. The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value. Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Company's is currently assessing the impact of PFRS 16.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

  The amendments to PFRS 9 allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income. An entity shall apply these amendments for annual reporting periods beginning on or after January 01, 2019. Earlier application is permitted. The application of this amendment had no impact on the Company's financial statements.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

  The amendments to PAS 28 clarify that entities should account for long-term interests in an associate or joint venture to which the equity method is not applied using PFRS 9. An entity shall apply these amendments for annual reporting periods beginning on or after January 01, 2019. Earlier application is permitted. The application of this amendment had no impact on the Company's financial statements.

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

  Philippine Interpretation IFRIC 23 addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

  The interpretation specifically addresses the following:
  - Whether an entity considers uncertain tax treatments separately
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities
  - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
  - How an entity considers changes in facts and circumstances

  An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The Company's is currently assessing the impact of IFRIC 23.

*Deferred effectivity*

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

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. On January 13, 2016, the FRSC postponed the original effective date of January 01, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Cash
Cash includes cash on hand and in banks which are stated at face value.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets and liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Assets and Financial Liabilities
*Date of recognition*
The Company recognizes a financial asset or financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date. The Company follows the settlement date accounting where an asset to be received and liability to be paid are recognized on the settlement date and derecognition of an asset that is sold and the recognition of a receivable from the buyer are recognized on the settlement date.

*Initial recognition of financial instruments*
Financial instruments are recognized initially at fair value. Except for financial instruments at FVPL, the initial measurement of financial assets and liabilities includes transaction cost. The Company classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS financial assets, and loans and receivables. The Company classifies its

financial liabilities as financial liabilities at FVPL or other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

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 assets and financial liabilities at FVPL*
Financial assets and financial liabilities at FVPL include derivatives, financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL.

Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets and financial liabilities may be designated at initial recognition as at FVPL if any of the following criteria are met:

i. the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
ii. the assets or liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
iii. the financial instrument contains an embedded derivative that would need to be separately recorded.

As at December 31, 2017 and 2016, the Company has no financial assets and financial liabilities at FVPL.

*Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not designated as financial assets at FVPL or AFS financial assets. These are included in current assets if maturity is within 12 months from there porting date; otherwise, these are classified as noncurrent assets. This accounting policy relates to the statement of financial position captions ‘Cash’, ‘trade and other receivables’, and ‘rental and other deposits.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR) and transaction costs. The amortization is included in "Interest income" in the statement of comprehensive income. The losses arising from impairment of such loans and receivables are recognized under "Impairment of credit losses" in the statement of comprehensive income. Any recovery of impairment is recognized as "Recovery from credit losses" in the statement of comprehensive income.

*AFS financial assets*
AFS financial assets are those non-derivative financial assets that are either designated in this category or not classified in any of the other categories. After initial recognition, AFS financial assets are measured at fair value with unrealized gains or losses being recognized in the statement of comprehensive income. When the investment is disposed of, the cumulative gains or losses previously recognized as other comprehensive income is recognized in other income. Interest earned or paid on the investment is reported as interest income or expense using the effective interest rate.

AFS financial assets are classified as current, if these investments are expected to be realized within twelve (12) months from the financial position date. Otherwise, AFS financial assets are classified as non-current.

As at December 31, 2017 and 2016, the Company has financial instruments classified as AFS financial assets included under non-current assets (see Note 11).

*Other financial liabilities*
This classification relates to financial liabilities that are not held for trading or not designated as FVPL upon the inception of the liability. These are initially recognized at fair value of the consideration received less directly attributable transaction costs. After initial recognition, other financial liabilities are recognized at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any related issue costs, discount or premium.

Other financial liabilities pertain to 'Trade and other payables' with the exception of government payables, 'Trust receipts payable' and 'Loans payable'.

Other financial liabilities include interest bearing loans and borrowings. All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

Gains and losses are recognized under the "other income (charges)" account in the statement of comprehensive income when the liabilities are derecognized or impaired, as well as through amortization process.

Impairment of Financial Assets
At each reporting date, the Company assesses whether a financial asset or group of financial assets is impaired.

*Loans and receivables*
For loans and receivables carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, continues to be, recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to the statement of comprehensive income. Interest income continues to be recognized based on the original effective interest rate of the asset. Loans and receivables, together with the associated allowance account, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent period, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. Time value is generally not considered when the effect of discounting is not material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as type of borrower, collateral type, past-due status and term. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

*AFS financial assets*
In case of equity investments classified as AFS financial assets, impairment indicators would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the statement of comprehensive income – is removed from the equity and recognized in the statement of comprehensive income. Impairment losses on equity investments are not reversed through the statement of comprehensive income. Increases in fair value after impairment are recognized directly in equity.

In the case of debt instruments classified as AFS financial assets, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. This is recorded as part of "Investment income" in the statement of comprehensive income. If in subsequent year, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income.

<u>Derecognition of Financial Assets and Liabilities</u>
*Financial assets*
A financial asset is derecognized when:

- the rights to receive cash flows from the assets have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third-party under a "pass-through" arrangement; or
- the Company has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

*Financial liabilities*
A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Classification of Financial Instruments between Debt and Equity
A financial instrument is classified as debt if it provides for contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another equity under conditions that are potentially unfavorable to the Company; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

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 stockholder's equity net of any related income tax benefits.

Offsetting Financial Instruments
Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Inventories
Inventories are valued at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined by the weighted average method for newsprint and by first-in, first-out method for machinery spare parts and supplies. Cost comprises all costs of purchase, handling costs and other costs incurred in bringing the inventories to the present location or condition.

Allowance is provided for obsolescence due to deterioration, damage, bad quality, age and technological changes. Full obsolescence allowance is provided when the inventory is non-moving for more than one year. An allowance for market decline is also provided equivalent to the difference between the cost and the NRV of inventories. When inventories are sold, the related allowance is reversed in the same period.

Newsprint and printing supplies are consumed upon withdrawal from the storeroom for use in the daily printing of newspapers and magazines.

Prepayments
Prepayments, included under 'Other current assets' account in the statement of financial position, are expenses paid in advance and recorded as asset before they are utilized. This account comprises of prepaid insurance premiums, supplies and other prepaid items are apportioned over the period covered by the payment and charged to the appropriate accounts in profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the financial position date are classified as other non-current assets.

Value-Added Tax (VAT)
Input VAT is recognized when the Company purchases goods or services from a VAT registered supplier or vendor. This account is offset against any output VAT previously recognized. Input VAT on capital goods exceeding P1 million and input from purchases of goods, and services that remain unpaid at each reporting date are recognized as 'Deferred input VAT'.

Property, Plant and Equipment
Property, plant and equipment, except for land, are stated at cost less any accumulated depreciation. Cost of an item of property, plant and equipment comprises of its purchase price and

any cost attributable in bringing the asset to its intended location and working condition. The cost of self-constructed assets includes the costs of materials and direct labor, and any other cost directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring to site on which they are located. Cost also includes interest and other financing charges on borrowed funds used to finance the acquisition of property and equipment to the extent incurred during the period of installation and construction.

Land is stated at cost less impairment in value, if any.

Major spare parts and stand-by equipment items that the Company expects to use more than one (1) period and can be used only in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Construction in progress, included in property, plant and equipment, is stated at cost. This cost includes cost of construction and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Projects under construction are transferred to the related property, plant and equipment account when the construction or installation and related activities necessary to prepare the property, plant and equipment for their intended use are completed, and the property, plant and equipment are ready for service.

*Subsequent costs*
The cost of replacing an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in the circumstances indicate that the carrying values may not be recoverable.

*Depreciation*
Depreciation and amortization of property, plant and equipment commence, once the property, plant and equipment are available for use (i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Company) and are computed using the straight-line method over the estimated useful lives (EUL) of the assets regardless of utilization. Depreciation is recognized in profit or loss.

The EUL for each item of property, plant and equipment of the Company follows:

| | Years |
|---|---:|
| Buildings | 10-20 |
| Leasehold improvements | 5-10 |
| Machineries, tools and equipment | 10-15 |
| Furniture, fixtures and equipment | 3-10 |
| Transportation equipment | 3-7 |

Depreciation methods, useful lives and residual values are reassessed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

*Derecognition*
An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on

derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income, in the year the item is derecognized.

Investment Property
Investment property consists of land which is being held for capital appreciation. It is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less impairment, if any.

An investment property is derecognized when either it has been disposed of or when the investment property is permanently withdrawn from use or no future economic benefit is expected from its disposal.

Intangible Asset
*Goodwill*
Goodwill represents the excess of cost of the acquisition over the fair value of identifiable net assets of the investee at the date of acquisition which is not identifiable to specific assets. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill with indefinite useful life is tested for impairment annually either individually or at the cash-generating unit level. Goodwill on acquisitions is not amortized but is reviewed for impairment, annually or more frequently if events of changes in circumstances indicate that the carrying value may be impaired. If not, the change in the useful life from indefinite to finite is made on a prospective basis.

Goodwill is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of goodwill is measured as the difference between net disposal proceeds and the carrying amount of the assets, are recognized in profit or loss when the asset is derecognized.

Impairment of Non-Financial Assets
The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of its fair value less costs-to-sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

Equity
Share capital is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value. The transaction costs incurred as a necessary part of that transaction and are deducted from paid-in capital, net of related income tax benefit.

Retained earnings represent accumulated profit attributable to equity holders of the Company after deducting dividends declared. Retained earnings may also include effect of changes in accounting policy as may be required by the standards transitional provision.

Treasury shares are recorded at cost and are presented as a deduction from equity. When the shares are retired, the share capital account is reduced by its par value. The excess of cost over par value upon retirement is debited to the following accounts in the order given: (a) additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued, and (b) retained earnings. No gain or loss is recognized in the statement of comprehensive income on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Other comprehensive income (OCI) are items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRS.

Revenue and Cost Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The Company assess its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. In arrangements where the Company is acting as principal to its customers, revenue is recognized on a gross basis. However, if the Company is acting as an agent to its customers, only the amount of net commission is recognized as revenue. The following specific recognition criteria must also be met before revenue is recognized:

*Advertising*

Advertising revenue is recognized as income on the dates the advertisements are published. The fair values of barter transactions from advertisements exchanged for assets or services are included in advertising revenue and the related accounts.

Goods received in exchange for advertisement pursuant to ex-deal transactions executed between the Company and its customers are recorded at fair value of assets received or receivable. When the fair value of the consideration received cannot be measured reliably, the revenue is measured at the fair value of services provided, adjusted by the amount of any cash or cash equivalents transferred.

*Circulation*

Revenue from circulation which consists of sales of daily newspapers and the weekly and monthly magazines is recognized upon delivery, when the significant risks and rewards of ownership of the goods have passed to the buyer and the amounts of revenue can be measured reliably. This is stated net of sales discounts, returns and allowances.

*Rental income*

Rental income is recognized in the statement of comprehensive income when earned in accordance with the term of the lease agreement and on a straight-line basis over the term of the lease.

*Dividend income*

Dividend income from investment is recognized in the period in which the Company's right to receive payment has been established.

*Royalty income*

Royalty income is recognized as the royalty accrues in accordance with the substance of the relevant agreement.

*Interest income*

Revenue is recognized when it is determined that such income will accrue to the Company taking into account the effective yield on the asset and is presented net of applicable tax withheld by the banks.

*Other income*
Revenue from printing services is recognized when the services are rendered. Revenue from sale of scrap and spoiled newspapers is recognized upon delivery. Revenue from notarization is recognized when services are rendered.

*Costs and Expenses*
Costs and expenses are recognized in the statement of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized in the statement of comprehensive income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Operating Segments
Operating segments are components of an entity for which separate financial information is available and evaluated regularly by management in deciding how to allocate resources and assessing performance. The Company considers the entire business as one segment.

Management monitors the operating results of its business unit separately based on geographical for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating income or loss in the Company's financial statements. Company financing, excluding interest income and expense and income taxes are managed on a group basis and are not allocated to operating segments.

Retirement Benefits
*Defined benefit plan*
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method.

Defined benefit cost comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets (excluding net interest on defined benefit asset) and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not classified to profit or loss in the subsequent periods. All remeasurements recognized in the other comprehensive income account 'Remeasurement gains (losses) on retirement plan' are not classified to another equity account in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualified insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

<u>Borrowings and Borrowing Costs</u>
All borrowings are initially recognized at the fair value of the consideration received less directly attributable debt issuance costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into consideration any issue costs, and any discount or premium of settlement.

Borrowing costs are generally expensed in the period in which they are incurred and are shown in the statement of comprehensive income. Borrowing costs and other finance costs incurred during the construction period on borrowing used to finance the construction of an asset are capitalized to the appropriate asset accounts. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. The capitalization of these borrowing costs ceases when substantially all the activities necessary to prepare the asset to its intended use are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Capitalized borrowing cost is based on the applicable weighted average borrowing rate.

<u>Leases</u>
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date, and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(i) there is a change in contractual terms, other than a renewal or extension of the arrangement;
(ii) a renewal option is exercised or an extension is granted, unless that term of the renewal or extension was initially included in the lease term;
(iii) there is a change in the determination of whether fulfillment is dependent on a specified asset; or
(iv) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for any of the scenarios above, and at the date of renewal or extension period for the second scenario.

*Company as a lessee*
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Indirect costs

incurred in negotiating an operating lease are added to the carrying value of the leased asset and recognized over the lease term on the same bases as the lease income. Minimum lease payments are recognized on a straight-line basis while the variable rent is recognized as an expense based on the terms of the leased contract.

*Company as a lessor*
Leases where the Company retains substantially all the risk and benefits of ownership of the assets are classified as operating leases. Contingent rents are recognized as revenue in the period in which they are earned.

<u>Income Taxes</u>
*Current tax*
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as of the financial position date.

*Deferred tax*
The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the financial position date.

Deferred tax is provided using the balance sheet liability method on all temporary differences, with certain exceptions, at the financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences with certain exceptions, and carry forward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carry forward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized.

Deferred tax assets are not recognized when they arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting income nor taxable income or loss. Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries, associates and interests in joint ventures. With respect to investments in foreign subsidiaries, associates and interests in joint ventures, deferred tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amounts of deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date, and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recognized.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of financial position date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Provision and Contingencies

*Provision*

Provision is recognized when: (a) the Company has a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at each financial position date and adjusted to reflect the current best estimate.

*Contingencies*

Contingent liabilities represent possible obligations whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. They are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Foreign Currency-denominated Transactions

The functional and presentation currency of the Company is the Philippine Peso. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of reporting period.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. All foreign exchange differences are taken to profit or loss, except where it relates to equity securities where gains or losses are recognized directly in other OCI.

Earnings per Share (EPS)

Basic EPS is computed by dividing net income for the year attributable to equity holders of the Company by the weighted average number of common shares outstanding during the year, excluding capital stock purchased by the Company and treated as treasury shares after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any.

Diluted EPS amounts are calculated by dividing the net income for the year attributable to ordinary equity holders of the Company (after deducting interest on convertible preferred shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary

The Company does not have any dilutive potential common shares, thus, diluted EPS is the same as basic EPS.

Dividend Distributions

Cash dividends on common shares are recognized as a liability and deducted from equity when approved by the respective BOD of the Company. Stock dividends are treated as transfers from retained earnings to capital stock. Dividends for the year that are approved after the end of reporting period are dealt with as a non-adjusting event after the end of reporting period.

Related Party Relationships and Transactions

Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Events after the End of Reporting Period
Events after the end of reporting period that provides additional information about the Company's position at the end of reporting period (adjusting event) are reflected in the financial statements. Events after the end of reporting period that are not adjusting events, if any, are disclosed when material to the financial statements.

## 3. Significant Accounting Judgments and Estimates

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately vary from these estimates.

The following presents a summary of these significant accounting judgments and estimates.

Critical Management Judgments in Applying Accounting Policies
In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

*(a) Revenue recognition*
In making judgment, the management considered the detailed criteria for the recognition of revenue from the sale of goods and sale of service set out in PAS 18, *Revenue*. In sale of goods, it is whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods and in sale of services, it is whether the Company had rendered the services at point in time.

*(b) Classification of financial instruments*
The Company exercises judgment in classifying financial instruments in accordance with PAS 39. The Company classifies a financial instrument, or its components, 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 Company's statements of financial position.

*(c) Operating leases agreement*
The Company has entered into various lease agreements either as a lessor or as a lessee. Critical judgment was exercised by the management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. All of the Company's lease agreements were determined as operating leases.

Rental income amounted to P6.1 million, P7.7 million and P7.0 million in 2017, 2016 and 2015, respectively (see Note 20).

Rental expense amounted to P13.5 million, P16.6 million and P14.1 million in 2017, 2016 and 2015, respectively (see Note 19).

*(d) Distinction between investment properties and owner-occupied properties*
The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Some properties consist of a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production of services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the production of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making judgment.

The Company classifies all properties which have a portion that is earning rentals and another portion which are used in production of services or used in administrative purposes as owner-occupied properties based on the criterion above. In this case, such properties were included in the account "Property, plant and equipment".

<u>Key Sources of Estimation Uncertainty</u>
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

*(a) Fair values of financial assets and liabilities*
The Company carries certain financial assets at fair value, which requires extensive use of accounting estimates and judgments. Fair value determinations for financial assets and liabilities are based generally on listed or quoted market prices. If prices are not readily determinable or if liquidating the positions is reasonably expected to affect market prices, fair value is based on either internal valuation models or management's estimate of amounts that could be realized under current market conditions, assuming an orderly liquidation over a reasonable period of time.

The fair values of the financial assets and liabilities as at December 31, 2017 and 2016 are disclosed in Note 26.

*(b) Estimated allowance for impairment losses on trade receivables*
The Company maintains an allowance for impairment losses based on the results of the individual and collective assessments under PAS 39. Under the individual assessment, the Company is required to obtain the present value of estimated cash flows using the receivable's original effective interest rate. Impairment loss is determined as the difference between the receivables' carrying balance and the computed present value. Factors considered in individual assessment are payment history, past due status and term. The collective assessment would require the Company to group its receivables based on the credit risk characteristics (customer type, payment history, past due status and term) of the customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for the individual and collective assessments are based on management's judgment and estimate. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year (see Note 5).

*(c) Net realizable value of inventories*
The Company records a provision for excess of cost over the net realizable value of materials and supplies whenever the value of material and supplies becomes lower than cost due to damage, physical deterioration, obsolescence, change in price levels or other causes. The lower of cost or net realizable value of inventories is reviewed on a monthly basis to reflect the

accurate valuation in the financial records. Materials and supplies identified to be obsolete and unusable are written off and charged as expense for the year.

The carrying values of inventories amounted to P1,336.0 million and P1,386.9 million as at December 31, 2017 and 2016, respectively. There were no provisions for inventory losses in 2017 and 2016 (see Note 6).

*(d) Impairment of AFS financial assets*
The computation for the impairment of AFS financial assets requires an estimation of the present value of the expected future cash flows and the selection of an appropriate discount rate. An impairment issue arises when there is an objective evidence of impairment, which involves significant judgment. In making this judgment, the Company evaluates the financial health of the issuer, among others. In the case of AFS equity instruments, the Company expands its analysis to consider changes in the issuer's industry performance, legal and regulatory framework, and other factors that affect the recoverability of the Company's investments. Further, the impairment assessment would include an analysis of the significant or prolonged decline in fair value of the investments below its cost.

As at December 31, 2017 and 2016, the carrying value of the Company's AFS financial assets amounted to P0.3 million (see Note 11).

*(e) Estimated useful lives of property, plant and equipment*
The Company reviews annually the estimated useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

The related balances follow (see Note 8):

| | **2017** | 2016 |
|---|---|---|
| Cost | **P 5,028,119,422** | P 5,094,847,572 |
| Accumulated depreciation | **2,484,082,590** | 2,428,017,332 |
| Depreciation expense | **70,170,137** | 76,744,692 |

*(f) Estimated useful lives of intangible assets with finite lives*
The useful lives of intangible assets are assessed at the individual level as having either a finite or indefinite life. Intangible assets are regarded to have an indefinite useful life when, based on analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflow for the Company.

Company's intangible asset was a computer software, embedded in a computer-controlled equipment. It forms an integral part of the related equipment and cannot be easily replaced was recognized and included in machineries, tools and equipment.

*(g) Impairment of non-financial assets*
The Company assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business;
- significant negative industry or economic trends; and
- significant changes with an adverse effect on the Company during the period, or are expected to take place in the future, in the extent to which, or manner in which, an asset is used or is expected to be used.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Company is required to make estimates and assumptions that can materially affect the financial statements.

No indications of impairment were noted on property, plant and equipment and investment property as at December 31, 2017 and 2016.

*(h) Recognition of deferred income tax assets*
The Company reviews the carrying amounts of the deferred income tax assets at the end of each reporting period and adjusts the balance of deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. The Company's assessment on the recognition of deferred income tax assets on deductible temporary differences is based on the level and timing of forecasted taxable income of the subsequent reporting periods. This forecast is based on the Company's past results and future expectations on revenues and expenses as well as future tax planning strategies. However, there is no assurance that the Company will generate sufficient taxable income to allow all or part of the deferred income tax assets to be utilized.

As at December 31, 2017 and 2016, the carrying values of the Company's deferred tax assets amounted to P67.1 million and P56.3 million, respectively (see Note 21).

*(i) Estimation of retirement benefits cost and liability*
The cost of defined benefit retirement plans and as well as the present value of the retirement obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and expected return on plan assets. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on the 1994 Group Annuity Mortality Table developed by the Society of Actuaries, which provides separate rates for males and females and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

The prepaid benefit obligation as at December 31, 2017 and 2016 amounted to P19.6 million and P23.0 million, respectively. Further details are provided in Note 22.

## 4. Cash

The account at December 31 consists of the following:

| | | 2017 | | 2016 |
|---|---|---|---|---|
| Cash on hand | **P** | **5,084,785** | P | 12,314,616 |
| Cash in banks (Note 27) | | **51,700,985** | | 72,057,914 |
| | **P** | **56,785,770** | P | 84,372,530 |

Cash in banks consist of savings, current and dollar deposits, which are unrestricted as to withdrawal. Peso and dollar deposits earned interest at the prevailing bank deposit rates. Interest earned from cash in banks amounted to P86,074, P70,329 and P45,291 in 2017, 2016 and 2015, respectively (see Note 20). As at December 31, 2017 and 2016, cash in bank includes foreign currency-denominated deposits amounting to US$19,429 and US$25,177, respectively (see Note 25).

## 5. Trade and Other Receivables

The account at December 31 consists of the following:

| | | 2017 | | 2016 |
|---|---|---|---|---|
| Trade (Note 27) | **P** | **1,550,674,120** | P | 1,831,009,740 |
| Receivable from ex-deal transactions | | **97,542,514** | | 119,563,508 |
| Others | | **173,565,518** | | 150,150,767 |
| | | **1,821,782,152** | | 2,100,724,015 |
| Allowance for impairment losses | | **93,346,151** | | 80,281,183 |
| | **P** | **1,728,436,001** | P | 2,020,442,832 |

*Trade receivables* are non-interest bearing and generally on a 60 to 120-day credit term. All provincial circulations are covered by post-dated checks.

Aging of receivables are as follows:

| | | 2017 | | 2016 |
|---|---|---|---|---|
| *< 60 days* | **P** | **482,238,697** | P | 100,905,081 |
| *60 days - 1 year* | | **571,965,254** | | 402,532,843 |
| *1 - 3 years* | | **517,802,334** | | 803,908,012 |
| *beyond 3 years* | | **249,775,867** | | 793,378,079 |
| | **P** | **1,821,782,152** | P | 2,100,724,015 |

*Receivable from exchange deal transactions*
Ex-deal transactions are contracts executed between the Company and its customers wherein advertising services are provided in exchange for goods or other valuable consideration. The advertising services provided by the Company approximate the fair value of assets to be received (see Note 11).

*Other receivables* are receivables from other revenues generated from commercial printing, gift certificates and credit cards which are collected within one year.

The Company evaluates the possibility of losses that may arise out of the non-collection of receivables based on a certain percentage of the outstanding balance of receivable and on an evaluation of the current status of the account. Allowance for impairment losses relates to trade receivables and other receivables. No allowance was provided on non-trade receivables. Changes in the allowance for impairment losses as at December 31, 2017 and 2016 are as follows:

| | | 2017 | | 2016 |
|---|---|---|---|---|
| Balances, beginning of year | P | **80,281,183** | P | 62,011,863 |
| Provision for the year (Note 19) | | **13,064,968** | | 18,269,320 |
| Balances, end of year | P | **93,346,151** | P | 80,281,183 |

Receivables other than those identified as impaired, are assessed by management as good and collectible.

## 6. Inventories

The account at December 31 consists of the following:

| | | 2017 | | 2016 |
|---|---|---|---|---|
| News print | P | **1,108,424,356** | P | 1,167,938,420 |
| Printing materials, supplies and spare parts | | **234,648,849** | | 225,980,740 |
| Total costs | | **1,343,073,205** | | 1,393,919,160 |
| Less allowance for inventory writedown | | **7,068,324** | | 7,068,324 |
| | P | **1,336,004,881** | P | 1,386,850,836 |

There are no transactions or events which occurred during the year involving the following:

- Declines subsequent to financial position date in market prices of inventory not protected by firm sales contract.
- Changes in pricing methods and the effects thereof;
- Unusual purchase commitments and accrued net losses, if any, on such commitments. (Losses which are expected to arise from firm and non-cancellable commitments for the future purchase of inventory items should, if material, be recognized in the accounts and separately disclosed in statement of comprehensive income);
- The amount of any substantial and unusual write downs.

Changes in the allowance for inventory writedown as at December 31, 2017 and 2016 are as follows:

| | | 2017 | | 2016 |
|---|---|---|---|---|
| Balances, beginning of year | P | **7,068,324** | P | 7,068,324 |
| Provision for the year | | **-** | | - |
| Balances, end of year | P | **7,068,324** | P | 7,068,324 |

The cost of inventories recognized as expense in the statement of comprehensive income amounted to P1,323.2 million, P1,675.6 million, P1,779.3 million in 2017, 2016 and 2015, respectively, are included as part of "Cost of sales and services" accounts (see Note 17).

Inventories in transit are used as security for the outstanding Trust Receipts Agreement with the bank until the obligation is paid. The title to or ownership of the inventories covered by the Agreements theoretically remains with the Bank until the TR payables are fully paid.

## 7. Other Current Assets

The account at December 31 consists of the following**:**

| | | **2017** | | 2016 |
|---|---|---|---|---|
| Prepaid taxes and other prepayments | **P** | **97,848,738** | P | 44,269,462 |
| Input VAT | | **6,166,010** | | 7,586,990 |
| Others | | **93,057** | | 66,557 |
| | **P** | **104,107,805** | P | 51,923,009 |

*Prepaid taxes and other prepayments* consists of taxes on custom duties on imported and prepayments for insurance, postage, airfreight, stationary and office supplies which are normally utilized within the next financial period.

*Input VAT* is fully recoverable and can be applied against output VAT.

## 8. Property, Plant and Equipment

The rollforward analysis of this account follows:

**2017**

| | **Land** | **Buildings** | **Leasehold improvements** | **Machineries, tools and equipment** | **Furniture, fixtures and equipment** | **Transportation equipment** | **Total** |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| **Balances, beginning of year** | **P246,015,916** | **P622,630,516** | **P 18,799,919** | **P 3,226,899,763** | **P902,605,590** | **P 77,895,868** | **P 5,094,847,572** |
| **Additions** | **-** | **11,256,016** | **-** | **7,789,478** | **5,114,739** | **597,214** | **24,757,447** |
| **Disposal** | **(60,800,000)** | **(14,104,879)** | **-** | **(16,580,718)** | **-** | **-** | **(91,485,597)** |
| **Balances, end of year** | **185,215,916** | **619,781,653** | **18,799,919** | **3,218,108,523** | **907,720,329** | **78,493,082** | **5,028,119,422** |
| **Accumulated depreciation and amortization** | | | | | | | |
| **Balances, beginning of year** | **-** | **163,575,146** | **18,799,918** | **1,337,135,562** | **835,515,051** | **72,991,655** | **2,428,017,332** |
| **Depreciation and amortization** | **-** | **13,787,046** | **-** | **48,275,309** | **7,481,181** | **626,601** | **70,170,137** |
| **Disposal** | **-** | **(14,104,879)** | **-** | **-** | **-** | **-** | **(14,104,879)** |
| **Balances, end of year** | **-** | **163,257,313** | **18,799,918** | **1,385,410,871** | **842,996,232** | **73,618,256** | **2,484,082,590** |
| | **P185,215,916** | **P456,524,340** | **P 1** | **P 1,832,697,652** | **P 64,724,097** | **P 4,874,826** | **P 2,544,036,832** |

2016

| | Land | Buildings | Leasehold improvements | Machineries, tools and equipment | Furniture, fixtures and equipment | Transportation equipment | Total |
|---|---|---|---|---|---|---|---|
| Cost | | | | | | | |
| Balances, beginning of year | P246,015,916 | P609,823,281 | P 18,799,919 | P 3,206,318,503 | P896,608,595 | P 78,327,296 | P 5,055,893,510 |
| Additions | - | 12,807,235 | - | 20,581,260 | 5,996,995 | 428,571 | 39,814,061 |
| Disposal | - | - | - | - | - | (859,999) | (859,999) |
| Balances, end of year | 246,015,916 | 622,630,516 | 18,799,919 | 3,226,899,763 | 902,605,590 | 77,895,868 | 5,094,847,572 |
| Accumulated depreciation and amortization | | | | | | | |
| Balances, beginning of year | - | 150,444,246 | 18,799,918 | 1,282,428,493 | 827,518,340 | 72,941,642 | 2,352,132,639 |
| Depreciation and amortization | - | 13,130,900 | - | 54,707,069 | 7,996,711 | 910,012 | 76,744,692 |
| Disposal | - | - | - | - | - | (859,999) | (859,999) |
| Balances, end of year | - | 163,575,146 | 18,799,918 | 1,337,135,562 | 835,515,051 | 72,991,655 | 2,428,017,332 |
| | P246,015,916 | P459,055,370 | P 1 | P 1,889,764,201 | P 67,090,539 | P 4,904,213 | P 2,666,830,240 |

Included in the account furniture, fixtures and equipment is the total cost of upgraded versions of computer hardware and software for editorial, advertising, circulation and financial management systems.

The Company continues to modernize its facilities and it has computerized the entire process of preprinting until full-page output, including color. In addition, the Company acquired new machines for commercial printing, which are used for printing magazines, posters, catalogues and other collaterals; format printers were also installed for billboards and streamers. The upgrading and modernization of these facilities will be on a continuing basis.

The computer software embedded in a computer-controlled equipment which cannot operate without that specific software forms an integral part of the related equipment and cannot easily be replaced was recognized and included in machinery, tools and equipment.

Included in machinery, tools and equipment is the cost of construction/installation of a plant facility which is still in process amounting to P378.3 million as at December 31, 2017 and 2016. This amount is not depreciated until the construction is completed and the asset is put into operational use.

Depreciation of property, plant and equipment is distributed as follows:

| | | **2017** | | 2016 | | 2015 |
|---|---|---|---|---|---|---|
| Cost of services (Note 17) | **P** | **51,127,996** | P | 59,310,362 | P | 54,735,470 |
| Operating expenses (Note 19) | | **19,042,141** | | 17,434,330 | | 23,112,372 |
| | **P** | **70,170,137** | P | 76,744,692 | P | 77,847,842 |

Fully depreciated property and equipment with cost amounting to P18.8 million as of December 31, 2017 and 2016 are still being used by the Company.

Property, plant and equipment with a carrying value of P620.4 million and P637.3 million as at December 31, 2017 and 2016, respectively were mortgaged as collateral to secure a loan (see Note 14).

## 9. Investment Property

Investment property pertains to a land located in Sta. Rosa, Laguna which is being held for capital appreciation and future development.

Movement of this account is as follows:

| | | **2017** | | 2016 |
|---|---|---|---|---|
| Balances, beginning of year | **P** | **94,808,970** | P | 94,808,970 |
| Additiond during the year | | **-** | | - |
| Balances, end of year | **P** | **94,808,970** | P | 94,808,970 |

No operating income was recognized from the investment property in 2017 and 2016.

Direct operating expenses incurred under 'taxes and licenses' amounted to P0.1 million in 2017, 2016 and 2015.

There are no restrictions on the remittance of income and no contractual obligations to purchase, construct or develop investment properties for repairs, maintenance or enhancement as at December 31, 2017 and 2016.

Measurement of fair value
In 2017, the fair value of investment property was determined by external, independent property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for investment property of P130.85 million has been categorized at a Level 3 fair value based on the inputs to the valuation technique used (see Note 2). There were no transfers between Levels 1 and 2 during the year.

*Valuation technique and significant unobservable inputs*
The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

| Valuation Technique | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|---|---|---|
| *Market Data Approach* | | |
| Fair value is determined based on the sales and listings of comparable property registered in the vicinity. | Asking price per square meter (P15,000) | The higher the price of comparable properties, the higher the fair market value. |

## 10. Goodwill

On July 01, 2005, the Company recognized goodwill from acquisition of Tagalog daily newspaper, Balita, and weekly vernacular magazines, Liwayway, Bisaya, Hiligaynon and Bannawag including their trade names from Liwayway Publishing, Inc. which amounted to P5 million. This asset is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

The movement of this account is as follows:

| | | **2017** | | 2016 |
|---|---|---|---|---|
| Balances, beginning of year | **P** | **5,000,000** | P | 5,000,000 |
| Accumulated impairment | | **-** | | - |
| Balances, end of year | **P** | **5,000,000** | P | 5,000,000 |

No impairment loss on goodwill was recognized in 2017 and 2016.

## 11. Other Non-current Assets

The account as at December 31 consist of the following:

| | | **2017** | | 2016 |
|---|---|---|---|---|
| Deferred input tax | **P** | **97,117,323** | P | 103,186,440 |
| Rental and other deposits | | **9,035,317** | | 7,898,711 |
| AFS financial assets | | **315,000** | | 315,000 |
| Others (Note 5) | | **80,246,050** | | 53,101,287 |
| | **P** | **186,713,690** | P | 164,501,438 |

*Deferred input VAT* are VAT incurred and paid in connection with purchase of capital assets in excess of P1.0 million per month. As provided for in R. A. 9337 ("EVAT Law") said portion of input VAT shall be deferred and credited evenly over the estimated useful lives of the related capital assets or 60 months, whichever is shorter, against the output VAT due. The amounts that are to be amortized in the next twelve (12) months are recognized under "Other Current Assets".

*Rental and other deposits* represent deposits for operating leases entered into by the Company as lessee. The security deposits are recoverable from the lessors at the end of the lease terms.

*AFS financial assets* are the Company's investment in Philippine Long Distance Corporation (PLDT) and proprietary shares. The fair value of PLDT shares equal its year-end book value while the proprietary shares are carried at cost less any impairment. Details of this account are as follow:

| | | 2017 | | 2016 |
|---|---|---|---|---|
| PLDT | **P** | **181,950** | P | 181,950 |
| Proprietary shares | | **315,000** | | 315,000 |
| | | **496,950** | | 496,950 |
| Less allowance for impairment | | **181,950** | | 181,950 |
| | **P** | **315,000** | P | 315,000 |

The PLDT and Meralco shares represent stocks held by the Company under the investee's Subscribers Investment Plan. This is in connection with the various telephone and power lines acquired by the Company.

*Other assets* consist mainly of land and other properties acquired as payments for receivables from ex-deal transactions. As at December 31, 2017 and 2016, these properties are classified under other asset account pending disposal, and are measured at lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale. Cost is recognized as the fair market value at the time of the execution of ex-deal contracts, which should not be higher than the appraised values of the properties. In determining the recoverability of the assets, management considers whether those assets are damage or if the selling price has declined. Also, management considers whether the estimated costs to be incurred have increased. The excess of the cost over the NRV is recognized as provision for write-down of assets in the statement of comprehensive income. Assets under this classification are not subject to depreciation.

Management believes that the carrying amounts will be recovered principally through a sale transaction. The sale of these assets is not probable within a 12-month period.

A gain for any subsequent increase in the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale of an asset can be recognized in profit or loss to the extent that it is not in excess of the cumulative impairment loss.

An extension of the period required to complete the sale does not preclude an asset from being classified as such if the delay is caused by events or circumstances beyond the control of the Company and there is sufficient evidence that the Company remains committed to its plan to sell the assets.

## 12. Trade and Other Payables

The account as at December 31 consists of the following:

| | | **2017** | | 2016 |
|---|---|---|---|---|
| Trade | **P** | **969,734,799** | P | 1,414,680,133 |
| Deferred output VAT payable | | **108,111,643** | | 113,187,599 |
| Accrued expenses | | **67,663,081** | | 85,569,775 |
| Output VAT | | **6,763,550** | | 7,799,524 |
| Withholding taxes payable | | **4,848,398** | | 6,011,310 |
| Premiums payable | | **3,980,747** | | 3,966,478 |
| | **P** | **1,161,102,218** | P | 1,631,214,819 |

*Trade payables* pertain to unpaid billings to suppliers of raw materials which are normally settled within ninety (90) days. Trade payables do not bear any interest.

*Deferred output VAT payable* pertains to vatable sales which are not collected as at December 31, 2017 and 2016. They are expected to be remitted to the government (net of input VAT) immediately upon collection of related receivables which are expected to be settled within twelve (12) months.

*Accrued expenses* consist mainly of accruals for salaries and various operating expenses which are normally settled in the next financial year.

*Premium payables* pertain to SSS, HDMF, healthcare, housing and other loans of the Company's employees.

## 13. Trust Receipts Payable

This account represents payables related to the importation of newsprint materials, which are released to the Company under Trust Receipts (TR) Agreements (the 'Agreement') with a bank. Under the Agreement, title to or ownership of the assets covered by the Agreements theoretically remains with the Bank until the TR payables are fully paid. The inventory of newsprint materials, which is the major component in the production of newspapers and magazines, is maintained at a level that approximates the corresponding level of the TR obligation. The TR payables, which are due from 25 to 152 days, carry interest rate that ranges from 3.50% to 4.50%.

As at December 31, 2017 and 2016, trust receipts payable amounted to P82.8 million and P121.5 million, respectively.

Interest expense recognized in the statement of comprehensive income amounted to P1.2 million, P1.3 million and P1.3 million in 2017, 2016 and 2015, respectively.

## 14. Loans Payable

This account consists of:

| | | **2017** | | 2016 |
|---|---|---|---|---|
| Short-term loans | **P** | **335,000,000** | P | 412,000,000 |
| Long-term loans | | **1,000,000,000** | | 860,000,000 |
| | **P** | **1,335,000,000** | P | 1,272,000,000 |

<u>Short-term loans</u>
Short-term loans payable pertains to unsecured loans availed from various local banks which bear interest ranging from 3.5% to 4.5% in 2017 and 2016.

These loans have maturities of less than one (1) year.

Interest from these loans amounted to P12.1 million, P10.5 million and P10.7 million in 2017, 2016 and 2015, respectively.

Long-term loans
This pertains to a 5-year term loans availed from Philippine Trust Company (Philtrust Bank), a related party, which bears interest of 3.5% payable in lump-sum basis amounting to P800.0 million on December 31, 2020 and the remaining balance of P200.0 million on December 31, 2021.

Proceed of the loans were used to finance the expansion of production facilities and for working capital requirements.

Total interest expense recognized in the statement of comprehensive income amounted to P35.4 million, P30.6 million, and P31.2 million in 2017, 2016 and 2015.

Covenants
The Company is required to comply with certain loan covenants, including maintenance of certain financial ratios at the year end of every financial year. As at December 31, 2017 and 2016, the Company is in compliance with the loan covenant.

In case of default in the payment of any installment and/or interest and/or other charges on the loans, as and when the same become due and payable, the entire principal, interest and other charges shall immediately become due and payable. As penalty for delinquency, 2% per month based on outstanding balance including unpaid interest and other charges will be computed from the date of default until full payment of the obligation. During 2017 and 2016, the Company has no default in any loan payment including the interest and breaches with loan agreements.

The maturities of loans payable at nominal values as at December 31, 2017 and 2016 follow:

| | | **2017** | | | |
|---|---|---|---|---|---|
| **Description** | **Interest rates** | **Within 1 year** | **More than 1 year but less than 3 years** | **More than 3 years** | **Total** |
| **Term loans** | **3.50%** | **P 335,000,000** | **P 800,000,000** | **P 200,000,000** | **P 1,335,000,000** |

Portions of machineries and equipment with total carrying value of P620.4 million and P637.3 million as of December 31, 2017 and 2016, are used as collateral for this loan.

The details of machineries and equipment pledged as security on loans payable follows (Note 8):

| | **2017** | 2016 |
|---|---|---|
| Cost | **P 844,677,850** | P 844,677,850 |
| Accumulated depreciation | **(224,231,840)** | (207,338,282) |
| | **P 620,446,010** | P 637,339,568 |

Liabilities arising from financing activities
Reconciliation of liabilities from financing activities:

| | **2017** | 2016 |
|---|---|---|
| Balance, beginning of year | **P 1,272,000,000** | P 865,000,000 |
| Availments | **518,000,000** | 593,500,000 |
| Payments | **(455,000,000)** | (186,500,000) |
| Balance, end of year | **P 1,335,000,000** | P 1,272,000,000 |

There are no non-cash changes arising financing activities in 2017 and 2016.

## 15. Equity

Capital stock:
The details are as follow:

| | **2017** | 2016 |
|---|---|---|
| Authorized - 6,000,000,000 common shares par value at P1 per share | **P 6,000,000,000** | P 6,000,000,000 |
| Issued and subscribed | **3,475,463,722** | 3,475,463,722 |
| Treasury shares | **16,347,977** | 16,347,977 |

The issued and outstanding shares of the Company are owned by two thousand seven hundred sixty-five (2,757) stockholders of whom two thousand five hundred thirty-four (2,534) stockholders each own 100 or more shares.

Track record of registration:

| Date | Authorized Shares | Number of Shares Issued | Issue Price |
|---|---|---|---|
| 1990 | 500,000,000 | 262,500,000 | P 1.00 |
| 1991 | 500,000,000 | 128,175,350 | 1.00 |
| 1995 | 1,500,000,000 | 381,350,700 | 1.00 |
| 1998 | 900,000,000 | 227,973,950 | 1.00 |
| 2000 | 1,600,000,000 | 409,324,650 | 1.00 |
| 2001 | | 175,000,000 | 1.00 |
| 2003 | | 94,500,000 | 1.00 |
| 2004 | | 200,500,000 | 1.00 |
| 2005 | | 187,000,000 | 1.00 |
| 2006 | | 308,550,000 | 1.00 |
| 2007 | 1,000,000,000 | 250,000,000 | 1.00 |
| 2008 | | 261,555,000 | 1.00 |
| 2009 | | 143,855,250 | 1.00 |
| 2013 | | 151,048,012 | 1.00 |
| 2014 | | 95,160,248 | 1.00 |
| 2015 | | 98,015,055 | 1.00 |
| 2016 | | 100,955,507 | 1.00 |
| | 6,000,000,000 | 3,475,463,722 | |

Retained Earnings and Dividends
In a meeting held on July 14, 2016, the BOD unanimously approved (and ratified by the shareholders at the annual stockholders' meeting on the same date) the declaration of a P101.0 million stock dividends to be taken from the unrestricted retained earnings of the Company as at December 31, 2015. Moreover, the BOD also approved the issuance of 101.0 million shares with a par value of one peso (P1.00) per share from its authorized and unissued capital stock.

In a meeting held on July 9, 2015, the BOD unanimously approved (and ratified by the shareholders at the annual stockholders' meeting on the same date) the declaration of a P98.0 million stock dividends to be taken from the unrestricted retained earnings of the Company as at December 31, 2014. Moreover, the BOD also approved the issuance of 98.0 million shares with a par value of one peso (P1.00) per share from its authorized and unissued capital stock.

The stock dividend of 100.96 million shares and 98.02 million shares is equivalent to 3% based on the issued and outstanding capital stock of the Company of 3,365,183,565 and 3,276,168,510 (net of treasury shares 9,324,650) shares with a par value of One Peso (P1.00) in 2016 and 2015, respectively.

Treasury Shares
As at December 31, 2017 and 2016, treasury shares amounted to P16.35 million. This is equivalent to 9.34 million shares of the outstanding shares.

## 16. Revenues

The account consists of:

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Advertising | **P 1,143,110,627** | P 1,415,899,042 | P 1,482,752,344 |
| Circulation | **1,230,699,994** | 1,378,711,856 | 1,572,890,738 |
| | **2,373,810,621** | 2,794,610,898 | 3,055,643,082 |
| Less sales return | **231,804,180** | 246,061,736 | 249,681,509 |
| | **P 2,142,006,441** | P 2,548,549,162 | P 2,805,961,573 |

## 17. Cost of Sales and Services

The account as of December 31 consists of the following:

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Newsprint, ink and press supplies | **P 1,323,222,109** | P 1,675,626,963 | P1,779,253,593 |
| Depreciation of machinery and equipment (Note 8) | **51,127,996** | 59,310,362 | 54,735,470 |
| | **P 1,374,350,105** | P 1,734,937,325 | P1,833,989,063 |

## 18. Other Operating Income

The account as of December 31 consists of the following:

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Printing services | **P 55,496,980** | P 61,776,572 | P 91,776,827 |
| Sale of spoiled newpapers | **25,766,209** | 30,426,591 | 34,260,978 |
| Sale of scrap newspapers | **10,468,641** | 9,337,040 | 9,366,174 |
| Income from notarization | **664,012** | 741,116 | 644,755 |
| Miscellaneous | **4,259,867** | 4,195,195 | 4,752,427 |
| | **P 96,655,709** | P 106,476,514 | P 140,801,161 |

*Miscellaneous income* includes revenue from additional price that the Company charges for special designs, colors and borders of advertisement.

## 19. Operating Expenses

The account as at December 31 consists of the following:

| | **2017** | 2016 | 2015 |
|---|---|---|---|
| Salaries and employee benefits (Note 22) | **P 242,919,011** | P 252,133,029 | P 261,212,808 |
| Freight and handling charges | **104,593,495** | 105,032,006 | 140,002,780 |
| Advertising and promotions | **88,501,678** | 92,382,849 | 85,915,342 |
| Communication, light and water | **79,810,935** | 93,606,871 | 102,222,337 |
| Security and janitorial | **48,563,642** | 69,010,084 | 89,498,951 |
| Features purchased and news services | **42,519,835** | 45,089,286 | 43,990,041 |
| Taxes and licenses | **31,327,459** | 17,477,022 | 17,691,241 |
| Transportation and travel | **22,911,616** | 38,435,529 | 37,758,174 |
| Depreciation expense (Note 8) | **19,042,141** | 17,434,330 | 23,112,372 |
| Professional fees | **15,493,250** | 7,437,121 | 2,912,298 |
| Rentals (Notes 24 and 27) | **13,473,236** | 16,645,999 | 14,068,922 |
| Provision for credit losses (Note 5) | **13,064,968** | 18,269,321 | 77,002,757 |
| Repairs and maintenance | **11,416,336** | 14,010,490 | 14,824,450 |
| SSS and Pag-ibig premiums | **8,506,673** | 10,190,371 | 9,478,112 |
| Gas and oil | **7,473,216** | 8,627,319 | 10,844,053 |
| Documentary stamps | **6,348,669** | 3,186,559 | 8,617,837 |
| Commission | **5,623,693** | 4,288,877 | 4,179,602 |
| Insurance | **5,186,533** | 5,614,320 | 8,118,245 |
| Charitable contributions | **2,420,000** | 270,000 | 2,720,432 |
| Membership dues and subscriptions | **1,817,697** | 1,663,454 | 1,796,641 |
| Stationery and office supplies | **1,479,584** | 1,224,281 | 12,138,158 |
| Entertainment and representation | **968,233** | 1,946,883 | 13,316,985 |
| Others | **207,658** | 7,532,408 | 16,139,641 |
| | **P 773,669,558** | P 831,508,409 | P 997,562,179 |

## 20. Other Income

The account as at December 31 consists of the following:

| | **2017** | 2016 | 2015 |
|---|---|---|---|
| Rental income (Note 24) | **P 6,087,368** | P 7,682,838 | P 7,036,779 |
| Royalty income (Note 24) | **1,795,794** | 1,427,971 | 2,307,763 |
| Income from events and others | **898,404** | 443,684 | 234,060 |
| Interest income (Note 4) | **86,074** | 70,329 | 45,291 |
| Foreign exchange gain | **720,355** | - | - |
| Unrealized foreign exchange loss | **(128,212)** | (400,358) | (7,973) |
| Gain on disposal of property, plant and equipment (Note 8) | **12,700,000** | 111,999 | - |
| | **P 22,159,783** | P 9,336,463 | P 9,615,920 |

## 21. Income Tax

The Company's provision for income tax includes the regular corporate income tax (RCIT) and minimum corporate income tax (MCIT). These income taxes as well as the deferred tax provisions are presented under provision for income tax in the statement of comprehensive income. Details follow:

| | **2017** | 2016 | 2015 |
|---|---|---|---|
| Current | **P 18,042,767** | P 18,612,011 | P 22,548,175 |
| Deferred | **(3,837,847)** | (5,598,513) | (1,047,539) |
| | **P 14,204,920** | P 13,013,498 | P 21,500,636 |

The corporate income tax is 30% in 2017, 2016 and 2015.

A reconciliation of income tax computed at the statutory income tax rate to the provision for income tax follows:

| | **2017** | 2016 | 2015 |
|---|---|---|---|
| Statutory income tax | **P 19,221,548** | P 16,662,782 | P 24,489,309 |
| Tax effects on: | | | |
| Income subjected to final tax | **(564,560)** | (449,490) | (705,916) |
| Allowable expenses | **(4,572,175)** | (3,202,185) | (2,278,733) |
| Temporary difference | **120,107** | 2,391 | (4,024) |
| | **P 14,204,920** | P 13,013,498 | P 21,500,636 |

The following are the composition of deferred income tax recognized by the Company:

| | **2017** | 2016 |
|---|---|---|
| Deferred tax asset on: | | |
| Allowance for impairment losses | **P 28,003,846** | P 24,084,355 |
| Accumulated remeasurement losses on retirement benefit plan | **39,016,415** | 32,074,202 |
| Unrealized loss on foreign exchange | **38,464** | 120,108 |
| | **P 67,058,725** | P 56,278,665 |

The movements of the deferred income tax assets are as follows:

| | **2017** | | | |
|---|---|---|---|---|
| | **Balance at beginning of year** | **Charged to income** | **Charged to equity** | **Balance at end of year** |
| **Allowance for impairment losses** | **P 24,084,355** | **P 3,919,491** | **P -** | **P 28,003,846** |
| **Unrealized loss on foreign exchange** | **120,108** | **(81,644)** | **-** | **38,464** |
| **Accumulated remeasurement losses on retirement benefit plan** | **32,074,202** | **-** | **6,942,213** | **39,016,415** |
| | **P 56,278,665** | **P 3,837,847** | **P 6,942,213** | **P 67,058,725** |

| | 2016 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Balance at beginning of year | | Charged to income | | Charged to equity | | Balance at end of year |
| Allowance for impairment losses | P | 18,603,559 | P | 5,480,796 | P | - | P | 24,084,355 |
| Unrealized loss on foreign exchange | | 2,391 | | 117,717 | | - | | 120,108 |
| Accumulated remeasurement losses on retirement benefit plan | | 31,000,054 | | - | | 1,074,148 | | 32,074,202 |
| | P | 49,606,004 | P | 5,598,513 | P | 1,074,148 | P | 56,278,665 |

## 22. Retirement Plan

The Company has a funded, non-contributory retirement plan, administered by a common retirement trustee, covering its employees on regular status. Retirement benefits are provided for under the Collective Bargaining Agreement (CBA). Pertinent provision of the Agreement provides for, the payment of gratuity benefits based on the longevity of service to resigned employees. However, under Section 4, Article X of the agreement, the Company at its option, may retire any employee or worker who had rendered at least 20 years of service or had reached the age of 60 years on his birthday by paying him full benefits provided in Section 1 of the same Article.

The Company set up a fund to fully cover the estimated liability for retirement benefits. As a result, the Company maintains a separate bank account exclusively for the purpose of the plan.

All officers and regular employees are allowed to borrow from the retirement fund. The Treasurer of the Company oversees the management of the said retirement fund.

Net benefit expenses (included in 'salaries and wages') recognized in the statement of comprehensive income are as follows:

| | | **2017** | | 2016 | | 2015 |
|---|---|---|---|---|---|---|
| Current service cost | **P** | **8,837,885** | P | 9,791,082 | P | 10,770,844 |
| Net interest cost | | **(1,219,413)** | | (794,555) | | (297,950) |
| | **P** | **7,618,472** | P | 8,996,527 | P | 10,472,894 |

Net interest cost is broken down as follows:

| | | **2017** | | 2016 | | 2015 |
|---|---|---|---|---|---|---|
| Interest expense | **P** | **7,933,923** | P | 7,691,496 | P | 7,589,037 |
| Expected interest income | | **(9,153,336)** | | (8,486,051) | | (7,886,987) |
| | **P** | **(1,219,413)** | P | (794,555) | P | (297,950) |

The amounts recognized in the Company's statement of financial position are as follows:

| | | **2017** | | 2016 |
|---|---|---|---|---|
| Fair value of plan asset | **P** | **173,383,175** | P | 172,704,446 |
| Present value of obligation | | **153,812,435** | | 149,696,663 |
| Prepaid benefit obligation | **P** | **19,570,740** | P | 23,007,783 |

Changes in the fair value of plan assets are as follows:

| | | 2017 | | 2016 |
|---|---|---|---|---|
| Balance at beginning of year | **P** | **172,704,446** | P | 169,721,028 |
| Expected interest income | | **9,153,336** | | 8,486,051 |
| Contributions (Note 27) | | **27,322,139** | | 19,693,687 |
| Benefits paid | | **(22,894,560)** | | (15,367,873) |
| Actuarial loss | | **(12,902,186)** | | (9,828,447) |
| Balance at end of year | **P** | **173,383,175** | P | 172,704,446 |

Changes in the present value of defined benefit obligations are as follows:

| | | 2017 | | 2016 |
|---|---|---|---|---|
| Balance beginning of year | **P** | **149,696,663** | P | 153,829,911 |
| Current service cost | | **8,837,885** | | 9,791,082 |
| Interest cost | | **7,933,923** | | 7,691,496 |
| Benefits paid | | **(22,894,560)** | | (15,367,873) |
| Actuarial loss/(gain) due to: | | | | |
| Experience adjustments | | **11,007,351** | | (2,411,066) |
| Change in financial assumptions | | **(768,827)** | | (3,836,887) |
| Balance at end of year | **P** | **153,812,435** | P | 149,696,663 |

The movement in the prepaid benefit obligation recognized in the statement of financial position is as follow:

| | | 2017 | | 2016 |
|---|---|---|---|---|
| Balance at beginning of year | **P** | **23,007,783** | P | 15,891,117 |
| Total retirement expense | | **(7,618,472)** | | (8,996,527) |
| Total actuarial losses recognized in OCI | | **(23,140,710)** | | (3,580,494) |
| Actual contributions | | **27,322,139** | | 19,693,687 |
| Balance at end of year | **P** | **19,570,740** | P | 23,007,783 |

The movement of accumulated actuarial losses recognized in the statement of financial position is as follow:

| | | 2017 | | 2016 |
|---|---|---|---|---|
| Balance at beginning of year | **P** | **(74,839,804)** | P | (72,333,458) |
| Actuarial gains (loss) for the year | | | | |
| Defined benefit obligation | | **(10,238,524)** | | 6,247,953 |
| Plan asset | | **(12,902,186)** | | (9,828,447) |
| Actuarial gains (losses) recognized during the year | | **(23,140,710)** | | (3,580,494) |
| Income tax effect | | **6,942,213** | | 1,074,148 |
| | | **(16,198,497)** | | (2,506,346) |
| Balance at end of year | **P** | **(91,038,301)** | P | (74,839,804) |

Plan asset composed of the following:

| | | 2017 | | 2016 |
|---|---|---|---|---|
| Retirement fund account | **P** | **84,583,175** | P | 155,972,385 |
| Advances to officers and employees | | **88,800,000** | | 16,732,061 |
| | **P** | **173,383,175** | P | 172,704,446 |

Shown below is the maturity profile of the undiscounted benefit payments:

| Plan Year | Expected Benefit Payments |
|---|---|
| 1 - 5 years | P 75,281,590 |
| 6 -10 years | 67,721,547 |
| 11 - 15 years | 91,308,190 |
| 16 years and up | 253,932,954 |

The assumptions used to determine retirement benefits of the Company are as follows:

| | 2017 | 2016 |
|---|---|---|
| Discount rate | **5.70%** | 5.30% |
| Salary increase rate | **3.00%** | 3.00% |

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2017, assuming all other assumptions were held constant:

| | Increase (decrease) | Impact on defined benefit obligation Increase (decrease) |
|---|---|---|
| Discount rates | +0.50% | (20,197,653) |
| | -0.50% | (18,753,588) |
| Salary increase rate | +0.50% | (18,792,208) |
| | -0.50% | (20,174,158) |

The assumptions regarding future mortality rates are based on the 1994 Group Annuity Mortality Table developed by the Society of Actuaries, which provides separate rate for males and females.

In 2017 and 2016, Company applied a single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

## 23. Earnings Per Share

Basic earnings per share are computed as follows:

| | | 2017 | | 2016 | | 2015 |
|---|---|---|---|---|---|---|
| Net income | **P** | **49,866,907** | P | 42,529,109 | P | 60,130,394 |
| Divide by weighted average number of outstanding shares | | **3,475,463,722** | | 3,415,661,318 | | 3,316,176,038 |
| | **P** | **0.01** | P | 0.01 | P | 0.02 |

There were no potential dilutive shares as at December 31, 2017, 2016 and 2015.

## 24. Commitments

Operating leases
*Company as lessee*
The Company leases a number of offices under operating leases. The leases typically run for a period of 1-5 years. Some leases provide an option to renew the lease term at the end of the lease-term and are being subjected to reviews to reflect current market rentals.

Non-cancellable operating lease rentals are payable as follows:

| | | **2017** | | 2016 |
|---|---|---|---|---|
| Within one year | **P** | **12,395,860** | P | 14,875,032 |
| More than one year up to five years | | **12,767,735** | | 15,321,283 |
| | **P** | **25,163,595** | P | 30,196,314 |

Rentals expenses included under operating expenses in the statement of comprehensive income amounted to P13.5 million, P16.6 million and P14.1 million in 2017, 2016 and 2015, respectively (see Note 19).

*Company as lessor*
The Company has entered into lease agreements covering buildings owned were branches are also located. The non-cancellable leases run from 1 to 10 years, with the option to renew the lease term at the end of the lease term. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rental receivables under non-cancellable operating leases are as follows:

| | | **2017** | | 2016 |
|---|---|---|---|---|
| Within one year | **P** | **6,482,092** | P | 7,130,302 |
| More than one year up to five years | | **19,446,277** | | 21,390,905 |
| | **P** | **25,928,369** | P | 28,521,207 |

Rent income recognized in the statement of comprehensive income amounted to P6.1 million, P7.7 million and P7.0 million in 2017, 2016 and 2015, respectively (see Note 20).

Royalty
The Company have an existing Copyright Agreement with various social media platforms, allowing them to share the Company's web articles, releases and publications in order to provide information about the current status in the business section. Under the Agreement, those platforms pay royalty fee based on the number of views per article. Royalty earned in 2017, 2016 and 2015 amounted to P1.8 million, P1.4 million and P2.3 million, respectively (see Note 20).

## 25. Financial Risk Management

Overview
The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Credit Risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other financial instruments.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry in which the customers operate, has less of an influence on credit risk. Approximately .001 percent of the Company's revenue is attributable to sales transactions with a single customer. However, geographically there is no concentration of credit risk.

The Credit Committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and conditions are offered. The Company's review includes external ratings, where available, and in some cases bank references. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the Credit Committee; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

More than 30 percent of the Company's customers have been transacting with the Company for over 20 years, and losses have occurred infrequently. In monitoring customer credit risk, customers are group according to their credit characteristics, including whether they are an individual or legal entity, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the Company's valued clients. Customers that are graded as "high risk" are placed on a restricted customer list, and future sales are made on a prepayment basis.

The Company establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are specific loss component that relates to individually significant exposures. The allowance is determined based on historical data or aging of accounts.

The maximum exposure of the Company to credit risk as of December 31, 2017 and 2016 is as follows:

| | **2017** | 2016 |
|---|---|---|
| Cash in banks | **P 51,700,985** | P 72,057,914 |
| Receivables | | |
| Trade | **1,550,674,120** | 1,831,009,740 |
| Others | **173,565,518** | 150,150,767 |
| Other non-current assets | | |
| Rental and other deposits | **9,035,317** | 7,898,711 |
| Available for sale financial assets | **315,000** | 315,000 |
| | **P 1,785,290,940** | P 2,061,432,132 |

*Credit quality of financial assets*
The following tables summarize the credit quality of the Company's financial assets as of December 31.

| | **2017** | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Neither past due nor impaired** | | | | | | | | | | | |
| | | **High grade** | | **Standard grade** | | **Substandard grade** | | **Past due but not impaired** | | **Past due and impaired** | | **Total** |
| | | | | | | *(amounts in thousands)* | | | | | | |
| Cash in banks | **P** | **51,701** | **P** | **-** | **P** | **-** | **P** | **-** | **P** | **-** | **P** | **51,701** |
| Receivables | | | | | | | | | | | | |
| Trade | | **389,077** | | **-** | | **537,415** | | **533,273** | | **90,909** | | **1,550,674** |
| Others | | **112,241** | | **-** | | **34,550** | | **24,530** | | **2,245** | | **173,566** |
| Other noncurrent assets | | | | | | | | | | | | |
| Rental and other deposits | | **9,035** | | **-** | | **-** | | **-** | | **-** | | **9,035** |
| Available for sale financial assets | | **315** | | **-** | | **-** | | **-** | | **-** | | **315** |
| | **P** | **562,369** | **P** | **-** | **P** | **571,965** | **P** | **557,803** | **P** | **93,154** | **P** | **1,785,291** |

| | 2016 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Neither past due nor impaired | | | | | | | | | | | |
| | | High grade | | Standard grade | | Substandard grade | | Past due but not impaired | | Past due and impaired | | Total |
| | | | | | | *(amounts in thousands)* | | | | | | |
| Cash in banks | P | 72,058 | P | - | P | - | P | - | P | - | P | 72,058 |
| Receivables | | | | | | | | | | | | |
| Trade | | 90,883 | | - | | 500,603 | | 1,168,074 | | 71,450 | | 1,831,010 |
| Others | | 20,220 | | - | | 24,264 | | 101,653 | | 4,014 | | 150,151 |
| Other noncurrent assets | | | | | | | | | | | | |
| Rental and other deposits | | 7,899 | | - | | - | | - | | - | | 7,899 |
| Available for sale financial assets | | 315 | | - | | - | | - | | - | | 315 |
| | P | 191,375 | P | - | P | 524,867 | P | 1,269,727 | P | 75,464 | P | 2,061,433 |

High grade accounts, other than cash are accounts considered to be of high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits. Standard grade accounts are active accounts with propensity of deteriorating to mid-range age buckets. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly. Substandard grade accounts are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow up actions and extended payment terms.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company focuses on its cash sales transactions, which assists it in monitoring cash flow requirements and optimizing its cash returns on investments, specifically on modern machineries. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains the lines of credit with certain local bank.

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The key measure used by the Company for managing liquidity risk is the net liquidity gaps between assets and liabilities as to maturity. The details of the reported net liquidity gaps at the reporting date shown below:

| | | | **2017** | | |
|---|---|---|---|---|---|
| | **Less than 1 month** | **1 to 3 months** | **3 months to 1 year** | **Over 1 year** | **Total** |
| | | | ***(amounts in thousands)*** | | |
| *Financial assets* | | | | | |
| Cash | **P 56,786** | **P -** | **P -** | **P -** | **P 56,786** |
| Trade and other receivables | | | | | |
| Trade | **76,580** | **120,090** | **186,060** | **1,076,821** | **1,459,551** |
| Others | **10,368** | **6,736** | **13,038** | **141,201** | **171,343** |
| Other noncurrent assets | | | | | |
| Rental and other deposits | **9,035** | **-** | **-** | **-** | **9,035** |
| Available for sale financial assets | **315** | **-** | **-** | **-** | **315** |
| | **153,084** | **126,826** | **199,098** | **1,218,022** | **1,697,030** |
| *Financial liabilities* | | | | | |
| Trade and other payables* | **569,101** | **97,795** | **146,693** | **223,809** | **1,037,398** |
| Trust receipts payable | **-** | **-** | **82,813** | **-** | **82,813** |
| Loans payable | **-** | **-** | **335,000** | **1,000,000** | **1,335,000** |
| | **569,101** | **97,795** | **564,506** | **1,223,809** | **2,455,211** |
| Net liquidity surplus (gap) | **P (416,017)** | **P 29,031** | **P (365,408)** | **P (5,787)** | **P (758,181)** |

*Trade and other payables exclude government payables

| | | | 2016 | | |
|---|---|---|---|---|---|
| | Less than 1 month | 1 to 3 months | 3 months to 1 year | Over 1 year | Total |
| | | | *(amounts in thousands)* | | |
| *Financial assets* | | | | | |
| Cash | P 84,373 | P - | P - | P - | P 84,373 |
| Trade and other receivables | | | | | |
| Trade | 40,897 | 140,597 | 271,833 | 1,297,402 | 1,750,729 |
| Others | 1,820 | 6,268 | 12,132 | 129,931 | 150,151 |
| Other noncurrent assets | | | | | |
| Rental and other deposits | 7,899 | - | - | - | 7,899 |
| Available for sale financial assets | 315 | - | - | - | 315 |
| | 135,304 | 146,865 | 283,965 | 1,427,333 | 1,993,467 |
| *Financial liabilities* | | | | | |
| Trade and other payables* | 540,639 | 390,116 | 343,966 | 225,529 | 1,500,250 |
| Trust receipts payable | - | - | 121,500 | - | 121,500 |
| Loans payable | - | - | 412,000 | 860,000 | 1,272,000 |
| | 540,639 | 390,116 | 877,466 | 1,085,529 | 2,893,750 |
| Net liquidity surplus (gap) | P (405,335) | P (243,251) | P (593,501) | P 341,804 | P (900,283) |

*Trade and other payables exclude government payables

The tables above summarize the maturity profile of the Company's financial assets and financial liabilities as at December 31, 2017 and 2016, based on undiscounted cash flows, including interest due.

Market Risk
Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

*Foreign exchange risk*
Foreign exchange risk arises on financial instruments that are denominated in a foreign currency other than the functional currency in which they are measured.

The Company holds foreign currency denominated deposits amounting to P1,098,186 or US$19,429 as at December 31, 2017 and P1,257,472 or US$25,177 as at December 31, 2016, which can be affected by fluctuations of foreign currency exchange.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar rate, with all variables held constant, of the Company's profit before tax (due to change in the fair value of monetary asset) and the Company's equity.

| Increase/Decrease in US$ | | Effect on income before income tax | | Effect on equity |
|---|---|---|---|---|
| **2017** | | | | |
| **+1** | **P** | **109,819** | **P** | **76,873** |
| **- 1** | | **(109,819)** | | **(76,873)** |
| 2016 | | | | |
| +1 | P | 125,747 | P | 88,023 |
| - 1 | | (125,747) | | (88,023) |

*Interest rate risk*
Interest rate risk arises on interest-bearing financial instruments recognized in the statement of financial position.

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's short-term and long-term debt obligations. The Company's policy is to manage its interest cost using a mix of fixed and variable rate debt.

The following table demonstrates the sensitivity to the Company's profit before tax and equity to a reasonably possible change in interest rates on December 31, 2017 and 2016, with all variable held constant.

| Increase/Decrease in basis points | | Effect on income before income tax | | Effect on equity |
|---|---|---|---|---|
| **2017** | | | | |
| **+100** | **P** | **(487,304)** | **P** | **(341,113)** |
| **- 100** | | **486,332** | | **340,432** |
| 2016 | | | | |
| +100 | P | (423,738) | P | (296,617) |
| - 100 | | 422,892 | | 296,025 |

The terms and maturity profile of the interest-bearing financial assets and liabilities that are exposed to interest rate risks, together with the corresponding nominal amounts and carrying values, are shown below:

**2017**

| | Interest terms (p.a.) | Rate fixing period | | Nominal amount | | less than 1 year | | 1 to 5 years | | Carrying value |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cash in banks** | **Fixed at the date of investment** | **Various** | **P** | **51,700,985** | **P** | **51,700,985** | **P** | **-** | **P** | **51,700,985** |
| **Trust receipts payable** | **Variable ranging from 3.50% to 4.50%** | **Monthly** | | **82,813,354** | | **82,813,354** | | **-** | | **82,813,354** |
| **Loans payable** | **3.50%** | **Quarterly** | | **1,335,000,000** | | **335,000,000** | | **1,000,000,000** | | **1,335,000,000** |

| 2016 | | | | | | |
|---|---|---|---|---|---|---|
| | Interest terms (p.a.) | Rate fixing period | Nominal amount | less than 1 year | 1 to 5 years | Carrying value |
| Cash in banks | Fixed at the date of investment | Various | P 72,057,914 | P 72,057,914 | P - | P 72,057,914 |
| Trust receipts payable | Variable ranging from 3.0 to 4.50% | Monthly | 121,499,611 | 121,499,611 | - | 121,499,611 |
| Loans payable | 3.50% | Quarterly | 1,272,000,000 | 412,000,000 | 860,000,000 | 1,272,000,000 |

*Capital Management*

The primary objective of the Company's capital management policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The BOD monitors both the return on equity, which defines as total shareholders' equity, and the level of dividends to ordinary shareholders.

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 or issue new shares. No changes were made in the objective, policies or processes for the years ended December 31, 2017 and 2016.

The Company monitors capital using the gearing ratio of debt to equity and net debt to equity. Debt consists of bills payable and long-term debt. Net debt includes bills payable and long-term debt less cash. The Company considers as capital the equity attributable to equity holders of the Company.

| | **2017** | 2016 |
|---|---|---|
| Trust receipts payable | **P 82,813,354** | P 121,499,611 |
| Long-term debt | **1,335,000,000** | 1,272,000,000 |
| Total debt | **1,417,813,354** | 1,393,499,611 |
| Less cash | **56,785,770** | 84,372,530 |
| Net debt | **1,361,027,584** | 1,309,127,081 |
| Equity | **3,560,972,226** | 3,527,303,816 |
| Debt to equity | **40%** | 40% |
| Net debt to equity | **38%** | 37% |

The Company strategy is to maintain debt to equity ratio of 40% and net debt to equity ratio of 37%.

The Company has complied with the maintenance of financial ratios with its loan covenants.

There are no other externally imposed capital requirements that the Company has to comply.

## 26. Financial Assets and Liabilities

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements.

| | **2017** | | | | 2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Carrying amount** | | **Fair value** | | Carrying amount | | Fair value | |
| | | | | *(amounts in thousands)* | | | | |
| **Financial assets** | | | | | | | | |
| Cash | **P** | **56,786** | **P** | **56,786** | P | 84,373 | P | 84,373 |
| Trade and other receivables | | | | | | | | |
| Trade | | **1,459,551** | | **1,459,551** | | 1,750,729 | | 1,750,729 |
| Others | | **171,343** | | **171,343** | | 150,151 | | 150,151 |
| Other non-current assets | | | | | | | | |
| Rental and other deposits | | **9,035** | | **9,035** | | 7,899 | | 7,899 |
| Available-for-sale financial assets | | **315** | | **315** | | 315 | | 315 |
| | **P** | **1,697,030** | **P** | **1,697,030** | P | 1,993,467 | P | 1,993,467 |
| **Financial liabilities** | | | | | | | | |
| Trade and other payables* | **P** | **1,037,398** | **P** | **1,037,398** | P | 1,500,250 | P | 1,500,250 |
| Trust receipts payable | | **82,813** | | **82,813** | | 121,500 | | 121,500 |
| Loans payable | | **1,335,000** | | **1,335,000** | | 1,272,000 | | 1,272,000 |
| | **P** | **2,455,211** | **P** | **2,455,211** | P | 2,893,750 | P | 2,893,750 |

* Trade and other payables exclude government payables

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

*Short-term financial instruments*
Due to the short-term nature of the transactions, the carrying value of cash, trade and other receivables, trade payable and trust receipts payable approximate their fair values.

*Rental and other deposits*
Rental and other deposits are non-current assets with contractual obligation to receive cash equal to the amount paid at the termination of the contract. Its fair value approximates its carrying amount.

*Available-for-sale financial assets*
The fair values of publicly traded instruments and similar investments are based on quoted bid prices, and in the absence of a reliable basis of determining the fair values due to the unpredictable nature of future cash flows and the lack of suitable methods of arriving at a reliable fair value, the unquoted equity securities are carried at cost less any impairment allowance. The Company's available-for-sale financial assets represent PLDT and MERALCO stocks held under the Investees' Subscribers Investment Plan and corporate proprietary shares.

*Loans payable*
The fair value of the long-term debt approximates its carrying value due to fixed interest rate.

As of December 31, 2017 and 2016, the Company has no financial instruments measured or carried at fair value under the 3 levels.

## 27. Related Party Transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Transactions between related parties are based on terms similar to those offered to non-related parties.

Under the Company policy, shareholders are prohibited to obtain loans and advances from/to the Company.

Significant related party transactions include the following:

a) The Company is leasing its warehouse at PPL Building, United Nations Avenue corner San Marcelino Street, Manila from US Automotive Co., Inc. (US Automotive) a majority stockholder of the Company. The lease is for one (1) year period and is being renewed annually subject to mutual agreement of the parties. There is no outstanding lease payable as at December 31, 2017 and 2016. There are no other ongoing contractual or other commitments as a result of the arrangement.
b) The Company is leasing its selected office branch to Philtrust Bank, an affiliate. The lease is for one (1) year period and is being renewed annually subject to mutual agreement of the parties. There is no outstanding lease payable at December 31, 2017 and 2016.
c) The Company also engages in regular bank transactions with Philtrust Bank.
d) The Company provides advertising services to its affiliates under regular term of service. No impairment as to collectivity were recognized on receivables to affiliates.

The Company's significant transaction with the following affiliates under common control is as follow:

| | | 2017 | | |
|---|---|---|---|---|
| Related Party | Nature | **Amount/ Volume** | **Outstanding balances** | Terms and Conditions |
| ***Parent Company*** | | | | |
| US Automotive | | | | |
| *Note 19* | Rent expense<br>Payments | **8.41 million**<br>**(8.41 million)** | **-** | Lease term is for one (1) year period and renewable annually upon mutual agreement of the parties |
| ***Affiliated Companies*** | | | | |
| Philtrust Bank | | | | |
| *Note 16 and 5* | Advertising revenue<br>Collection | **16.00 million**<br>**(20.15 million)** | **89.53 million** | Advertising rates charged are the same as charged to regular customers; Unsecured; and with a 30-day credit term |
| *Note 19* | Rent expense<br>Payments | **2.18 million**<br>**(2.18 million)** | **-** | Lease term is for one (1) year period and renewable annually upon mutual agreement of the parties |
| *Note 14* | Loans payable<br>Interest expense<br>Payments | **140.00 million**<br>**35.44 million**<br>**(35.44 million)** | **1000 million** | Payable in lump-sum; 3.5% interest rate payable in advance every 30 days. |
| *Note 4* | Cash in bank | **14.63 million** | **45.45 million** | Earn interest at the prevailing bank deposit rates; unimpaired; and unrestricted as to withdrawals |
| Philtrust Realty Corporation | | | | |
| *Note 16 and 5* | Advertising revenue<br>Collection | **6.75 million**<br>**(5.87 million)** | **19.01 million** | Advertising rates charged are the same as charged to regular customers; Unsecured; and with a 30-day credit term |
| Euro-Med Laboratories Phil, Inc. | | | | |
| *Note 16 and 5* | Advertising revenue<br>Collection | **4.70 million**<br>**(3.98 million)** | **0.69 million** | Advertising rates charged are the same as charged to regular customers; Unsecured; and with a 30-day credit term |
| Manila Hotel | | | | |
| *Note 16 and 5* | Advertising revenue<br>Collection | **17.28 million**<br>**(61.78 million)** | **11.21 million** | Advertising rates charged are the same as charged to regular customers; Unsecured; and with a 30-day credit term |

**2017**

| Related Party | Nature | **Amount/ Volume** | **Outstanding balances** | Terms and Conditions |
|---|---|---|---|---|
| Centro Escolar University | | | | |
| *Note 16 and 5* | Advertising revenue | **3.40 million** | | Advertising rates charged are the |
| | Collection | **(4.79 million)** | **1.27 million** | same as charged to regular customers; Unsecured; and with a 30-day credit term |
| Advances to officers and employees | | | | |
| *Note 22* | Prepaid benefits cost | **72.1 million** | **88.8 million** | Non-interest bearing; unimpaired |

2016

| Related Party | Nature | Amount/ Volume | Outstanding balances | Terms and Conditions |
|---|---|---|---|---|
| *Parent Company* | | | | |
| US Automotive | | | | |
| *Note 19* | Rent expense | 7.71 million | | Lease term is for one (1) year |
| | Payments | (7.71 million) | - | period and renewable annually upon mutual agreement of the parties |
| *Affiliated Companies* | | | | |
| Philtrust Bank | | | | |
| *Note 16 and 5* | Advertising revenue | 12.4 million | | Advertising rates charged are the |
| | Collection | (6.00 million) | 93.71 million | same as charged to regular customers; Unsecured; and with a 30-day credit term |
| *Note 19* | Rent expense | 1.89 million | | Lease term is for one (1) year |
| | Payments | (1.89 million) | - | period and renewable annually upon mutual agreement of the parties |
| *Note 14* | Loans payable | 115.00 million | | Payable in lump-sum; 3.5% interest rate |
| | Interest expense | 25.95 million | | payable in advance every 30 days. |
| | Payments | (25.95 million) | 860.00 million | |
| *Note 4* | Cash in bank | 14.63 million | 45.45 million | Earn interest at the prevailing bank deposit rates; unimpaired; and unrestricted as to withdrawals |
| Philtrust Realty Corporation | | | | |
| *Note 16 and 5* | Advertising revenue | 3.75 million | | Advertising rates charged are the |
| | Collection | (8.08 million) | 18.14 million | same as charged to regular customers; Unsecured; and with a 30-day credit term |
| Euro-Med Laboratories Phil, Inc. | | | | |
| *Note 16 and 5* | Advertising revenue | 4.40 million | | Advertising rates charged are the |
| | Collection | (4.10 million) | 0.30 million | same as charged to regular customers; Unsecured; and with a 30-day credit term |
| Manila Hotel | | | | |
| *Note 16 and 5* | Advertising revenue | 25.64 million | | Advertising rates charged are the |
| | Collection | (20.63 million) | 55.68 million | same as charged to regular customers; Unsecured; and with a 30-day credit term |
| Centro Escolar University | | | | |
| *Note 16 and 5* | Advertising revenue | 7.79 million | | Advertising rates charged are the |
| | Collection | (8.04 million) | 2.66 million | same as charged to regular customers; Unsecured; and with a 30-day credit term |
| Advances to officers and employees | | | | |
| *Note 22* | Prepaid benefits cost | 2.82 million | 16.73 million | Non-interest bearing; unimpaired |

Compensation of Key Management Personnel

The compensation of the Company's directors is stipulated in the By-Laws of the Company which is 3% of the yearly net profits before payment of income tax is distributed among them in proportion to the number of regular special meetings of the BOD actually attended by each. The Company does not enter into an employment/management contract with any of its executive officers. The Company maintains retirement plan for all regular officers and employees. Retirement computations are the same both for executives and rank and file employees. There are no outstanding warrants or options held by directors and officers. The compensation of the Company's key management personnel by benefit type follows:

| | | 2017 | | 2016 |
|---|---|---|---|---|
| Short-term benefits | **P** | **82,391,073** | P | 77,558,616 |
| Post employment benefits | | **78,479,540** | | 75,376,158 |
| | **P** | **160,870,613** | P | 152,934,774 |

The short-term benefits are as follows:

| | | 2017 | | 2016 |
|---|---|---|---|---|
| Salaries | **P** | **67,266,942** | P | 60,951,076 |
| Bonus | | **13,235,895** | | 13,669,309 |
| Directors' fee | | **1,888,236** | | 2,938,231 |
| | **P** | **82,391,073** | P | 77,558,616 |

There are no advances made to/from related party which are interest-bearing or non-interest-bearing.

Transactions with Retirement Plans
Under PFRS, certain post-employee benefit plans are considered related parties. The Company's retirement plan is maintained in a separate bank account which is being administered by the Company's treasurer. The fund consists of the following:

| | | 2017 | | 2016 |
|---|---|---|---|---|
| Retirement fund account | **P** | **84,583,175** | P | 155,972,385 |
| Advances to officers and employees | | **88,800,000** | | 16,732,061 |
| | **P** | **173,383,175** | P | 172,704,446 |

The Company's contributions in retirement benefit amounted to P27.32 million in 2017 and P19.69 million in 2016 (see Note 22).

## 28. Contingencies

As at December 31, 2017 and 2016, the Company has no contingencies since the Company is neither a plaintiff nor a defendant in any legal actions in or out of court.

## 29. Additional Disclosure Requirements of SRC Rule 68

Under the following disclosure requirements by SRC Rule 68, the Company has neither an existing plan nor a transaction involving the following:
a) Preferred shares.
b) Profit sharing and other similar plans.
c) Capital stock optioned, sold or offered for sale to directors, officers and key employees.
d) Warrants or rights outstanding.
e) Defaults

## 30. Supplementary Information Required Under Revenue Regulation No. 15-2010

On November 25, 2010, the Bureau of Internal Revenue (BIR) issued Revenue Regulation (RR) No. 15-2010 which took effect on December 29, 2010 which provides for additional information required to be disclosed in the notes to financial statements regarding taxes, duties and license fee, paid or accrued, during the taxable year. Specifically, the disclosure should include the following: (a) amount of Value-Added Tax (VAT) output taxes declared during the year with account title and amount/s; (b) amount of VAT Input taxes claimed; (c) landed cost of imports and the amount of customs duties and tariff fees; (d) amount of excise taxes, classified per major product category; (e) documentary stamp tax (DST) on loan instruments and other transactions; (f) all other taxes, local and national, license and permit fees lodged under taxes and licenses account both under the Cost of sales and operating expense accounts; (g) amount of withholding taxes;(h) periods covered and amounts of deficiency assessments; and (i) tax cases and amounts involved.

In compliance with RR No. 15-2010, the following taxes are either paid or accrued by the Company for the taxable year ended December 31, 2017.

*a) Output VAT*

Output VAT declared for the year ended December 31, 2017 and the revenue upon which the same was based consists of:

| | | **Gross Revenues** | | Output VAT |
|---|---|---|---|---|
| Regular sales | **P** | **579,368,673** | P | 69,524,241 |
| Exempt sales | | **1,000,978,918** | | - |
| Zero-rated sales | | **36,874,627** | | - |
| | **P** | **1,617,222,218** | P | 69,524,241 |

*b) Input VAT*

Movements in input VAT for the year ended December 31, 2017 follow:

| | | **2017** |
|---|---|---|
| Balance at beginning of the year | **P** | **-** |
| Current year's purchases of: | | |
| Importation | | **18,843,034** |
| Domestic purchases of: | | |
| Goods | | **36,981,812** |
| Total Available Input tax | | **55,824,846** |
| Deductions from Input tax: | | |
| Creditable VAT withheld | | **4,330,771** |
| Total Allowable Input tax | | **51,494,075** |
| Input tax applied against Output tax | | **(51,494,075)** |
| Balance at end of the year | **P** | **-** |

*c) Landed Cost, Customs' Duties and Tariff Fees*

| | | **Amount** |
|---|---|---|
| Landed cost | **P** | **185,050,871** |
| Custom duties | | **10,877,447** |
| | **P** | **195,928,318** |

*d) Excise Tax*

The Company did not have any transactions in 2017 which are subject to excise tax.

*e) Documentary Stamp Tax*

Documentary stamp tax paid in 2017 amounted to P6,005,860 arising from applications for certain interest-bearing loans and borrowings and issuance of stock dividend.

*f) All Other Local and National Taxes*

All other local and national taxes paid for the year ended December 31, 2017 consists of:

| | | Amount |
|---|---|---|
| Real estate tax | P | 13,693,316 |
| Licenses and permits | | 16,729,439 |
| Others | | 904,704 |
| | P | 31,327,459 |

*g) Withholding Taxes*

Withholding taxes paid/accrued for the year ended December 31, 2017 consist of:

| | | Paid | | Accrued | | Total |
|---|---|---|---|---|---|---|
| Expanded | P | 11,288,124 | P | 1,116,423 | P | 12,404,547 |
| Compensation | | 28,121,258 | | 3,753,954 | | 31,875,212 |
| | P | 39,409,382 | P | 4,870,377 | P | 44,279,759 |

*h) Tax Assessment and Case*

There are no tax cases, under preliminary investigation, litigation and/or prosecution in courts or other government regulatory bodies.

MOORE STEPHENS

M&Q
**Mendoza Querido & Co.**
*A member firm of Moore Stephens International Limited*

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PRC/BOA Accreditation No. 0966
October 20, 2017, valid until September 7, 2020
SEC Accreditation No. 0268-FR-1 (Group A)
March 2, 2017, valid until March 1, 2020

To the Stockholders and the Board of Directors
Manila Bulletin Publishing Corporation
Manila Bulletin Building
Muralla corner Recoletos Streets
Intramuros, Manila

We have examined the financial statements of Manila Bulletin Publishing Corporation for year ended December 31, 2017, on which we have rendered the attached report dated April 5, 2018.

In compliance with SRC Rule 68, we are stating that the said Company has a total number of two thousand five hundred thirty-four (2,534) stockholders owning one hundred (100) or more shares each.

For the Firm: **MENDOZA QUERIDO & CO.**

**RICHARD S. QUERIDO**
Partner
CPA Certificate No. 84807
SEC Accreditation No. 1319-AR-1 (Group A)
March 2, 2017, valid until March 1, 2020
TIN 102-094-633
BIR Accreditation No. 08-002617-002-2015
December 18, 2015, valid until December 17, 2018
PTR No. 6628557, January 10, 2018, Makati City

April 5, 2018

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INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Manila Bulletin Publishing Corporation
Manila Bulletin Building
Muralla corner Recoletos Streets
Intramuros, Manila

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Manila Bulletin Publishing Corporation (the Company) as at and for the year ended December 31, 2017, included in this Form 17-A, and have issued report thereon dated April 5, 2018. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

For the Firm: **MENDOZA QUERIDO & CO.**

**RICHARD S. QUERIDO**
Partner
CPA Certificate No. 84807
SEC Accreditation No. 1319-AR-1 (Group A)
March 2, 2017, valid until March 1, 2020
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April 5, 2018

## MANILA BULLETIN PUBLISHING CORPORATION

**Index to the Financial Statements and Supplementary Schedules**

**SCHEDULE 1**

# MANILA BULLETIN PUBLISHING CORPORATION

Schedule of Philippine Financial Reporting Standards
Effective as at December 31, 2017

| | | Adopted | Not Adopted/Not Early Adopted | Not Applicable |
|---|---|---|---|---|
| **Framework for the Preparation and Presentation of Financial Statements** Conceptual Framework Phase A: Objectives and qualitative characteristics | | ✓ | | |
| **PFRSs Practice Statement Management Commentary** | | ✓ | | |
| **Philippine Financial Reporting Standards** | | | | |
| **PFRS 1 (Revised)** | First-time Adoption of Philippine Financial Reporting Standards | ✓ | | |
| | Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Joint Controlled Entity or Associate | | | ✓ |
| | Amendments to PFRS 1: Additional Exemptions from First-time Adopters | | | ✓ |
| | Amendments to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters | | | ✓ |
| | Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters | | | ✓ |
| | Amendments to PFRS 1: Government Loans | | | ✓ |
| | Annual Improvements to PFRSs 2009-2011 Cycle - Amendments to PFRS 1: First-Time Adopters | | | ✓ |
| | Annual Improvements to PFRSs 2011-2013 Cycle - Amendments to PFRS 1: First-time adoption of International Financial Reporting Standards (Changes to the Basis for Conclusion Only) | | | ✓ |
| | Amendment to PFRS 1: Deletion of short-term exemptions for first time adopters | | | ✓ |
| **PFRS 2** | Share-based Payment | | | ✓ |
| | Amendments to PFRS 2: Vesting Conditions and Cancellations | | | ✓ |
| | Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions | | | ✓ |
| | Annual Improvements to PFRSs 2010 -2012 Cycle - Amendments to PFRS 2: Definition of Vesting Condition | | | ✓ |
| | Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions* | | | ✓ |
| **PFRS 3 (Revised)** | Business Combinations | | | ✓ |
| | Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PFRS 3 : Accounting for Contingent Consideration in a business combination | | | ✓ |
| | Annual Improvements to PFRSs 2011-2013 Cycle - Amendments to PFRS 3 : Scope of Exception for Joint Ventures | | | ✓ |
| **PFRS 4** | Insurance Contracts | | | ✓ |
| | Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts | | | ✓ |

| | | Adopted | Not Adopted/Not Early Adopted | Not Applicable |
|---|---|---|---|---|
| | Amendments to PFRS 4, Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts* | | | ✓ |
| **PFRS 5** | Non-current Assets Held for Sale and Discontinued Operations | ✓ | | |
| | Amendments to PFRS 5: Changes in methods of disposal | ✓ | | |
| **PFRS 6** | Exploration for and Evaluation of Mineral Resources | | | ✓ |
| **PFRS 7** | Financial Instruments: Disclosure | ✓ | | |
| | Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets | ✓ | | |
| | Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition | ✓ | | |
| | Amendments to PFRS 7: Improving Disclosures about Financial Instruments | ✓ | | |
| | Amendments to PFRS 7: Disclosures - Transfers of Financial Assets | ✓ | | |
| | Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial | ✓ | | |
| | Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures | | ✓ | |
| | Amendments to PFRS 7 : Hedge Accounting Disclosure* | | ✓ | |
| | Annual Improvements to PFRSs 2012-2014 Cycle - Amendments to PFRS 7 : Servicing Contracts and applicability of the amendments to PFRS 7 to condensed interim financial | | ✓ | |
| **PFRS 8** | Operating Segments | | | ✓ |
| | Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the reportable segments' assets to the entity's assets | | | ✓ |
| **PFRS 9** | Financial Instruments* | | ✓ | |
| **PFRS 10** | Consolidated Financial Statements | | | ✓ |
| | Amendments to PFRS 10: Consolidated Financial Statement: Transition Guidance | | | ✓ |
| | Amendments to PFRS 10: Transition Guidance and Investment Entities | | | ✓ |
| | Amendments to PFRS 10: Sale or contributions of assets between an investor and its associate/joint venture* | | | ✓ |
| | Amendments to PFRS 10: Investment Entities: Application of the Consolidation Exception | | | ✓ |
| **PFRS 11** | Joint Arrangements | | | ✓ |
| | Amendments to PFRS 1: Joint Arrangements: Transition Guide | | | ✓ |
| | Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations | | | ✓ |
| **PFRS 12** | Disclosure of Interest in Other Entities | | | ✓ |

| | | Adopted | Not Adopted/Not Early Adopted | Not Applicable |
|---|---|---|---|---|
| | Amendments to PFRS 12: Disclosure of Interests in Other Entities: Transition Guidance | | | ✓ |
| | Amendments to PFRS 12: Transition Guidance and Investment Entities | | | ✓ |
| | Amendments to PFRS 12: Investment Entities: Applying Consolidation Exception | | | ✓ |
| | Amendment to PFRS 12: Clarification of the scope of the standard* | | | ✓ |
| **PFRS 13** | Fair Value Measurement | ✓ | | |
| | Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PFRS 13: Fair Value Measurement (Amendments to the Basis of Conclusions only, with consequential amendments to the Bases of Conclusions of other standards) | | | ✓ |
| | Annual Improvements to PFRSs 2011-2013 Cycle - Amendments to PFRS 13: Portfolio Exception | | | ✓ |
| **PFRS 14** | Regulatory Deferral Accounts | | ✓ | |
| **PFRS 15** | Revenue from Contracts with Customers* | | ✓ | |
| | Amendments to PFRS 15: Clarifications to PFRS 15* | | ✓ | |
| **PFRS 16** | Leases* | | ✓ | |
| **Phillippine Accounting Standards** | | | | |
| **PAS 1 (Revised)** | Presentation of Financial Statements | ✓ | | |
| | Amendment to PAS 1: Capital Disclosures | ✓ | | |
| | Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation | | | ✓ |
| | Amendments to PAS 1: Presentation of Items of Other Comprehensive Income | ✓ | | |
| | Annual Improvements to PFRSs 2009-2011 Cycle - Amendments to PAS 1: Comparative Information | ✓ | | |
| | Amendments to PAS 1: Disclosure Initiative | ✓ | | |
| **PAS 2** | Inventories | ✓ | | |
| **PAS 7** | Statement of Cash Flows | ✓ | | |
| | Amendments to PAS 7: Disclosure Initiative* | ✓ | | |
| **PAS 8** | Accounting Policies, Changes in Accounting Estimates and Errors | ✓ | | |
| **PAS 10** | Events after the Reporting Period | ✓ | | |
| **PAS 11** | Construction Contracts | | | ✓ |
| **PAS 12** | Income Taxes | ✓ | | |
| | Amendment to PAS 16 - Deferred Tax: Recovery of Underlying Assets | | | ✓ |
| | Amendments to PAS 12: Recognition of Deffered tax Assets for Unrealized Losses* | ✓ | | |
| **PAS 16** | Property, Plant and Equipment | ✓ | | |
| | Annual Improvements to PFRSs 2009-2011 Cycle- Amendments to PAS 16, Servicing Equipment | | ✓ | |

| | | Adopted | Not Adopted/Not Early Adopted | Not Applicable |
|---|---|---|---|---|
| | Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PAS 16 : Revaluation Method - Proportionate Restatement of Accumulated Depreciation | | ✓ | |
| | Amendment to PAS 16: Clarification of Acceptable Methods of Depreciation | ✓ | | |
| | Amendment to PAS 16, Agriculture: Bearer Plants | | | ✓ |
| **PAS 17** | Leases | ✓ | | |
| **PAS 18** | Revenue | ✓ | | |
| **PAS 19 (Amended)** | Employee Benefits (2011) | ✓ | | |
| | Amendments to PAS 19: Defined Benefit Plans: Employee Contributions | ✓ | | |
| | Annual Improvements to PFRSs 2012-2014 Cycle - Amendments to PAS 19: Discount rate: regional market issue | ✓ | | |
| **PAS 20** | Accounting for Government Grants and Disclosure of Government Assistance | | | ✓ |
| **PAS 21** | The Effects of Changes in Foreign Exchange Rates | ✓ | | |
| | Amendments to PAS 21: Net Ivestment in a Foreign Operation | | | ✓ |
| **PAS 23 (Revised)** | Borrowing Cost | | | ✓ |
| **PAS 24 (Revised)** | Related Party Disclosures | ✓ | | |
| | Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PAS 24: Key Management Personnel | ✓ | | |
| **PAS 26** | Accounting and Reporting by Retirement Benefit Plans | ✓ | | |
| **PAS 27 (Amended)** | Separate Financial Statements | | | ✓ |
| | Amendments to PAS 27: Transition Guidance and Investment Entities | | | ✓ |
| | Amendments to PAS 27: Equity Method in Separate Financial Statements | | | ✓ |
| **PAS 28 (Amended)** | Investments in Associate and Joint Ventures | | | ✓ |
| | Amendments to PAS 28: Sales or contributions of assets between an investor and its associate/joint venture* | | | ✓ |
| | Annual Improvements to PFRSs 2014-2016 Cycle - Amendments to PAS 28: Measuring an associate or joint venture at fair value* | | | ✓ |
| **PAS 29** | Financial Reporting in Hyperinflationary Economies | | | ✓ |
| **PAS 32** | Financial Instruments: Disclosure and Presentation | ✓ | | |
| | Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation | | | ✓ |
| | Amendment to PAS 32: Classification of Rights Issues | | | ✓ |
| | Annual Improvements to PFRSs 2009-2011 Cycle- Amendments to PAS 32: Tax effect of Equity Distributions | | | ✓ |

| | | Adopted | Not Adopted/Not Early Adopted | Not Applicable |
|---|---|---|---|---|
| | Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities | ✓ | | |
| **PAS 33** | Earnings per Share | ✓ | | |
| **PAS 34** | Interim Financial Reporting | | | ✓ |
| | Annual Improvements to PFRSs 2009-2011 Cycle - Amendments to PAS 34: Interim Reporting of Segment Assets | | | ✓ |
| | Annual Improvements to PFRSs 2012-2014 Cycle- Amendments to PAS 34: Disclosure of Information 'elsewhere in the interim financial report' | | | ✓ |
| **PAS 36** | Impairment of Assets | ✓ | | |
| | Amendment to PAS 36: Recoverable Amount Disclosure for Non-Financial Assets | ✓ | | |
| **PAS 37** | Provisions, Contingent Labilities and Contingent Assets | ✓ | | |
| **PAS 38** | Intangible Assets | ✓ | | |
| | Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization | | | ✓ |
| | Amendments to PAS 38: Clarification of Acceptable Methods of Mortization | | | ✓ |
| **PAS 39** | Financial Instruments: Recognition and Measurement | ✓ | | |
| | Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities | ✓ | | |
| | Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup | | | ✓ |
| | Amendments to PAS 39: Fair Value Option | | | ✓ |
| | Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts | | | ✓ |
| | Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets | | | ✓ |
| | Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition | | | ✓ |
| | Amendments to Philippine Interpresentation IFRIC-9 and PAS 39: Embedded Derivatives | | | ✓ |
| | Amendments to PAS 39: Eligible Hedged | | | ✓ |
| | Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge | | | ✓ |
| | Amendment to PAS 39 : Hedge Accounting Disclosures* | | | ✓ |
| **PAS 40** | Investment Property | ✓ | | |
| | Annual Improvements to PFRSs 2011-2013 Cycle - Amendments to PAS 40: Clarifying the Interrelationship of PFRS 3 and PAS 40 when classifying Property as Investment Property or Owner-Occupied Property | ✓ | | |
| | Amendments to PAS 40, Transfers of Investment Property* | ✓ | | |

| | | Adopted | Not Adopted/Not Early Adopted | Not Applicable |
|---|---|---|---|---|
| **PAS 41** | Agriculture | | | ✓ |
| | Amendments to PAS 41: Agriculture: Bearer Plants | | | ✓ |
| **Philippine Interpretations** | | | | |
| **IFRIC 1** | Changes in Existing Decommissioning, Restoration and Similar Liabilities | | | ✓ |
| **IFRIC 2** | Members' Share in Co-operative Entities and Similar Instrument | | | ✓ |
| **IFRIC 4** | Determining Whether an Arrangement Contains a Lease | | | ✓ |
| **IFRIC 5** | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds | | | ✓ |
| **IFRIC 6** | Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment | | | ✓ |
| **IFRIC 7** | Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies | | | ✓ |
| **IFRIC 8** | Scope of PFRS 2 | | | ✓ |
| **IFRIC 9** | Reassessment of Embedded Derivatives | | | ✓ |
| | Amendments to IFRIC 9 and PAS 39: Embedded Derivatives | | | ✓ |
| **IFRIC 10** | Interim Financial Reporting and Impairment | | | ✓ |
| **IFRIC 12** | Service Concession Arrangement | | | ✓ |
| **IFRIC 13** | Customer Loyalty Programmes | | | ✓ |
| **IFRIC 14** | The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their | | | ✓ |
| | Amendments to IFRIC 14: Prepayments of a Minimum Funding Requirment | | | ✓ |
| **IFRIC 16** | Hedges of a Net Investment in Foreign Operation | | | ✓ |
| **IFRIC 17** | Distributions of Non-cash Assets to Owners | | | ✓ |
| **IFRIC 18** | Transfers of Assets from Customers | | | ✓ |
| **IFRIC 19** | Extinguishing Financial Liabilities with Equity Instruments | | | ✓ |
| **IFRIC 20** | Stripping Costs in the Production Phase of a Surface Mine | | | ✓ |
| **IFRIC 21** | Levies | | | ✓ |
| **IFRIC 22** | Foreign Currency Transactions and Advance Consideration* | | ✓ | |
| **SIC-7** | Introduction of the Euro | | | ✓ |
| **SIC-10** | Government Assistance - No Specificrelation to Operating Activities | | | ✓ |
| **SIC-15** | Operating Leases | ✓ | | |
| **SIC-25** | Income taxes - Changes in the Tax Status of an Entity or its Shareholders | | | ✓ |
| **SIC-27** | Evaluating the Substance of Transactions Involving the Legal Form of a Lease | | | ✓ |
| **SIC - 29** | Service Concession Arrangements: | | | ✓ |
| **SIC - 31** | Revenue - Barter Transactions Involving Advertising Services | | | ✓ |
| **SIC - 32** | Intangible Assets - Web Site Costs | | | ✓ |

| | | Adopted | Not Adopted/Not Early Adopted | Not Applicable |
|---|---|---|---|---|
| **PIC Q&A NO. 2006-01** | Revenue Recognition for Sale of Property Units Under Pre-Completion Contracts | | | ✓ |
| **PIC Q&A NO. 2006-02** | Clarification of Criteria for Exemption from Presenting Consolidated Financial Statements | | | ✓ |
| **PIC Q&A NO. 2007-03** | Valuation of Bank Real and Other Properties Acquired (ROPA) | | | ✓ |
| **PIC Q&A NO. 2008-01** | Rate Used in Discounting Post-employment Benefit Obligations | ✓ | | |
| **PIC Q&A NO. 2009-01** | Financial Statements Prepared on a Basis Other than Going Concern | | | ✓ |
| **PIC Q&A NO. 2010-01** | Rate Used in Determining Fair Value of Government Securities in the Philippines | | | ✓ |
| **PIC Q&A NO. 2010-02** | Basis of Preparation of Financial Statements | ✓ | | |
| **PIC Q&A NO. 2010-03** | Current/non-current Classification of a Callable Term Loan | | | ✓ |
| **PIC Q&A NO. 2011-02** | Common Control Business Combinations | | | ✓ |
| **PIC Q&A NO. 2011-03** | Accounting for Inter-company Loans | ✓ | | |
| **PIC Q&A NO. 2011-04** | Costs of Public Offering of Shares | | | ✓ |
| **PIC Q&A NO. 2011-05** | Fair Value or Revaluation as Deemed Cost | | | ✓ |
| **PIC Q&A NO. 2011-06** | Acquisition of Investment Properties - Asset Acquisition or Business Combination | | | ✓ |
| **PIC Q&A NO. 2012-01** | Application of the Pooling of Interest Method for Business Combinations of Entities under Common Control in Consolidated Financial Statements | | | ✓ |
| **PIC Q&A NO. 2012-02** | Cost of a New Building Constructed on Site of a Previous Building | | | ✓ |
| **PIC Q&A NO. 2013-03 (Revised)** | Accounting for Employee Benefits under a Defined Contribution Plan Subject to Requirement of Republic Act (RA) 7641: The Philippine Retirement Law | ✓ | | |
| **PIC Q&A NO. 2015-01** | Conforming Changes to PIC Q&As - Cycle 2015 | | | ✓ |

| | | Adopted | Not Adopted/Not Early Adopted | Not Applicable |
|---|---|---|---|---|
| **PIC Q&A NO. 2016-01** | Conforming Changes to PIC Q&As - Cycle 2016 | | | ✓ |
| **PIC Q&A NO. 2016-02** | Accounting Treatment of AFS club shares | ✓ | | |
| **PIC Q&A NO. 2016-04** | Application of PFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties under Pre-completion Contracts | | | ✓ |

The standards and interpretations marked with an asterisk (*) are the new and revised accounting standards and interpretations that are effective for annual period beginning on or after the reporting period ended December 31, 2017.

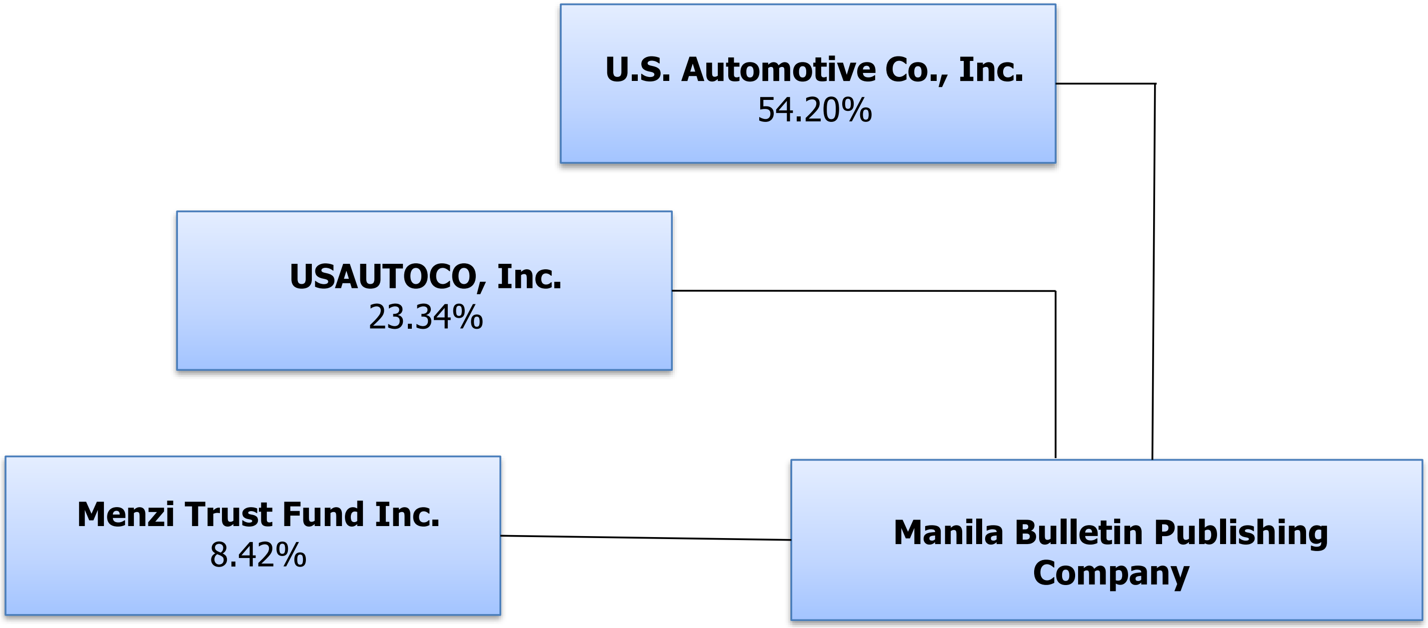
**Schedule 2**

**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION**
**AS AT DECEMBER 31, 2017**

| | |
|---|---|
| **Unappropriated Retained Earnings, beginning** | **P 143,027,875** |
| **Adjustment in prior years:** | |
| Deferred tax asset | **(24,204,463)** |
| Unappropriated Retained Earnings, as adjusted, beginning | **118,823,412** |
| Net income based on the face of AFS | **49,866,907** |
| **Less: Non-actual/unrealized income net of tax** | |
| Recognized deferred income tax assets | **(3,837,847)** |
| **Unappropriated Retained Earnings, as adjusted, ending** | **P 164,852,472** |

**Schedule 3**

# MANILA BULLETIN PUBLISHING CORPORATION
**Schedule of relationship between and among the company and its major shareholders**
**December 31, 2017**



**Schedule 4**

**FINANCIAL SOUNDNESS INDICATORS**
**AS AT DECEMBER 31, 2017 and 2016**

| | 2017 | 2016 |
|---|---|---|
| **LIQUIDITY/SOLVENCY RATIOS** | | |
| CURRENT RATIO | **2.04** | 1.64 |
| LIQUIDITY RATIO | **1.13** | 0.97 |
| WORKING CAPITAL TO TOTAL ASSETS RATIO | **0.27** | 0.21 |
| **SOLVENCY RATIOS** | | |
| DEBT-TO-EQUITY RATIO | **0.72** | 0.86 |
| ASSET TO EQUITY RATIO | **1.72** | 1.86 |
| NET DEBT TO EQUITY RATIO | **0.71** | 0.83 |
| SOLVENCY RATIO | **0.05** | 0.04 |
| **PROFITABILITY RATIO** | | |
| RETURN ON ASSETS (ROA) | **0.01** | 0.01 |
| RETURN ON EQUITY (ROE) | **0.01** | 0.01 |
| GROSS PROFIT MARGIN RATIO | **0.36** | 0.32 |
| INTEREST RATE COVERAGE RATIO | **2.31** | 2.31 |
| PROFIT MARGIN | **0.02** | 0.02 |
| EARNINGS PER SHARE | **P 0.01** | P 0.01 |