

COVER SHEET

SEC Registration Number

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Company Name

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

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

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w	e	l	l		B	u	s	i	n	e	s		C	e	n	t	e	r	,		S	h	e	r	i	d	a	n	
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w	a	y		H	i	l	l	s	,		M	a	n	d	a	l	u	y	o	n	g		C	i	t	y			

Form Type

1	7	-	Q
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Department requiring the report

S	E	C
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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

-

Company's Telephone Number/s

(02)	8878-0000
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Mobile Number

-

No. of Stockholders

7

Annual Meeting
Month/Day

Any	Date	in	May
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Fiscal Year
Month/Day

December	31
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CONTACT PERSON INFORMATION

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

Name of Contact Person

Atty.	Enrique	I.	Quiason
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Email Address

equiason@qmbti.com

Telephone Number/s

(632)	631-0981
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Mobile Number

(63)	917-5270140
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Contact Person's Address

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

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

1. For the quarter ended: **September 30, 2021**
2. SEC Identification No.: **A199904544**
3. BIR Tax Identification No.: **203-420-423**
4. Exact name of the registrant as specified in its charter: **ABS-CBN Holdings Corporation**
5. **Philippines**
Province, Country or other jurisdiction of Incorporation or organization
6. (SEC use only)
Industry Classification code:
7. **16th Floor, North Tower, Rockwell Business Center, Sheridan St. corner United St., Bgy. Highway Hills, Mandaluyong City, 1554**
Address of principal office Postal code
8. **(632) 8878-0000**
Registrant's telephone number, including area code
9. **Not Applicable**
Former name, former address, and former fiscal year, if changed since last year
10. Securities registered pursuant to Sections 8 and 12 of the Code. Or Sections 4 and 8 of the Revised Securities Act (RSA)

<u>Title of Each Class</u>	<u>Number of Issued and Outstanding Shares</u>
Philippine Depository Receipts (PDR)	273,876,130 shares

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

Yes [] No []

12. Check whether the registrant:

- a) has filed all reports to be filed by Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):

Yes [] No []

- b) has been subject to such filing requirements for the past 90 days.

Yes [] No []

**ABS-CBN HOLDINGS CORPORATION
QUARTERLY REPORT**

SIGNATURES

PART I - FINANCIAL INFORMATION

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

PART II - OTHER FINANCIAL INFORMATION

PART I: FINANCIAL INFORMATION

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

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

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

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

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

	Cash Dividend	Interest Paid	Interest Paid per Share
March 2019	₱173,528,080	₱173,077,568	₱0.5486
March 2018	₱298,580,204	₱287,194,631	₱0.8849
March 2017	₱338,053,976	₱334,185,858	₱1.0281
May 2016	₱246,885,825	₱239,858,214	₱0.7287

The table below summarizes the results of operations for the period ended September 30, 2021.

	Nine Months Ended September 30 (Unaudited)		Variance	
	2021	2020	Amount	%
Revenues	₱3,136,856	₱2,392,241	₱744,615	31
Reimbursement from PDR holders	3,126,016	(901,419)	4,027,435	447
Interest income	10,840	81,410	(70,570)	(87)
Exercise fees	–	3,212,250	(3,212,250)	(100)
Operating Expenses	3,136,856	2,392,241	744,615	31
Net Income	₱–	₱–	₱–	–

The Company posted revenues of ₱3,136,856 for the nine months ended September 30, 2021 or 31% increase year-on-year. This is mainly driven by the increase in “Reimbursement from PDR holders”. Increase in revenue is proportionate to the increase in operating expenses.

Operating expense increased by 31% mainly due to the increase in Professional Services.

Cash decreased to ₱14,561,921 or 21% from December 31, 2020 mainly due to payments of its obligations. Trade and other payables decreased by ₱3,955,552 or 20% from December 31, 2020 as a result of the payment of its obligations.

2. Financial Statements

The unaudited financial statements for the period ended September 30, 2021 with comparative audited figures for the year ended December 31, 2020 are filed as part of this form. It is prepared in conformity with Philippine Financial Reporting Standards.

ABS-CBN HOLDINGS CORPORATION
INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND DECEMBER 31, 2020

	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
ASSETS		
Cash and cash equivalents (Note 5)	₱14,561,921	₱18,525,628
Receivables	936,707	928,552
Deposits	10,000	10,000
TOTAL ASSETS	₱15,508,628	₱19,464,180
LIABILITIES AND EQUITY		
Liabilities		
Trade and other payables (Notes 6 and 10)	₱15,508,628	₱19,464,180
Equity		
Capital stock (Note 7)	10,000	10,000
Additional paid-in capital	23,089,356	23,089,356
Deficit	(23,099,356)	(23,099,356)
Net Equity	-	-
TOTAL LIABILITIES AND EQUITY	₱ 15,508,628	₱19,464,180

See accompanying Notes to Financial Statements.

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

(Unaudited)

	For the Quarter		Nine Months	
	Ended September 30		Ended September 30	
	2021	2020	2021	2020
REVENUE				
Reimbursement from PDR holders (Note 4)	₱1,140,528	(₱1,273,848)	₱3,126,016	(₱901,419)
Interest income (Note 5)	3,332	3,841	10,840	81,410
Exercise fees (Note 4)	–	1,725,600	–	3,212,250
	1,143,860	455,593	3,136,856	2,392,241
OPERATING EXPENSES (Notes 4, 8 and 10)	1,143,860	455,593	3,136,856	2,392,241
INCOME BEFORE INCOME TAX	–	–	–	–
PROVISION FOR INCOME TAX (Note 9)	–	–	–	–
NET INCOME/TOTAL COMPREHENSIVE INCOME	₱–	₱–	₱–	₱–
Basic/Diluted Earnings Per Share (Note 13)	₱–	₱–	₱–	₱–

See accompanying Notes to Financial Statements.

ABS-CBN HOLDINGS CORPORATION**INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2021 AND 2020**

(Unaudited)

	Nine Months Ended September 30 (Unaudited)	
	2021	2020
CAPITAL STOCK (Note 7)	₱10,000	₱10,000
ADDITIONAL PAID-IN CAPITAL	23,089,356	23,089,356
DEFICIT		
Balance at beginning of period	(23,099,356)	(23,099,356)
Total comprehensive income	-	-
Balance at end of period	(23,099,356)	(23,099,356)
	₱-	₱-

See accompanying Notes to Financial Statements.

ABS-CBN HOLDINGS CORPORATION
INTERIM CONDENSED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Unaudited)

	Nine Months Ended September 30 (Unaudited)	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	P-	P-
Adjustment for interest income (Note 5)	(10,840)	(81,410)
Working capital changes:		
Increase in receivables	(8,155)	(972,962)
Increase (Decrease) in trade and other payables	(3,955,552)	2,112,938
Net cash generated from (used in) operations	(3,974,547)	1,058,566
Interest received	10,840	81,410
Net cash flows generated from (used in) operating activities	(3,963,707)	1,139,976
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,963,707)	1,139,976
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	18,525,628	18,885,104
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	P14,561,921	P20,025,080

See accompanying Notes to Financial Statements.

ABS-CBN HOLDINGS CORPORATION

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

ABS-CBN Holdings Corporation (the Company) was incorporated in the Philippines on March 30, 1999 for the primary purpose of investing, purchasing and holding real and personal properties, including but not limited to, shares of stock, bonds, debentures, notes, evidences of indebtedness or other securities or obligations. The Company's corporate life is 50 years and can be extended for another 50 years on or within 5 years before the expiration of its term.

The Company does not conduct any business other than in connection with the issuance of Philippine Depository Receipts (PDRs), the performance of obligations under the PDRs and the acquisition and holding of shares of ABS-CBN Corporation (ABS-CBN) in respect of PDRs issued. Dividends received from ABS-CBN, exercise fees and interest income are distributed to PDR holders less operating expenses incurred and to be incurred. In the event that the dividends received, exercise fees and interest income are no longer enough to cover the expenses, the Company is reimbursed by the PDR holders (see Note 4).

No reportable segment information is presented as the Company's limited operations are adequately presented in the statements of comprehensive income.

The Company is 60%-owned by Lopez, Inc., a Philippine entity.

The Company changed its registered business address from 4th Floor, Benpres Building, Exchange Road, Pasig City, Metro Manila to 16th Floor, North Tower, Rockwell Business Center, Sheridan corner United St., Brgy. Highway Hills, Mandaluyong City and was approved by the stockholders on November 17, 2018. The change in its registered address was approved by the Philippine Securities and Exchange Commission (SEC) on February 8, 2019. The change is yet to be filed in the Bureau of Internal Revenue.

ABS-CBN is a holder of a legislative franchise to construct, install, operate and maintain, for commercial purposes and in the public interest, radio and television broadcasting stations in the Philippines. The latest franchise renewal under Republic Act (R.A.) 7966 was approved on March 30, 1995 for a period of 25 years.

On May 5, 2020, the National Telecommunications Commission (NTC) issued a Cease and Desist Order (CDO) to ABS-CBN prohibiting its continuing broadcast operations effective immediately.

On June 30, 2020, the NTC issued a CDO to ABS-CBN to immediately cease and desist from operating its digital TV transmission in Metro Manila using Channel 43.

On July 10, 2020, the House Committee on Legislative Franchises (Regular and Ex-Officio members) voted to adopt a resolution denying the franchise application of ABS-CBN (the "Resolution"). The core operation of ABS-CBN depends on the legislative franchise and therefore is a key determinant of the ability of ABS-CBN to continue as a going concern. This resolution affected the Media, Network and Studio Entertainment operations of ABS-CBN as it prevents it from engaging in the free-to-air business in the Philippines under the ABS-CBN's legislative franchise. This resulted in a net loss of ₱13,531 million and negative operating cash flows of ₱2,405 million for the year ended December 31, 2020 in ABS-CBN, and current assets and current liabilities as of December 31, 2020 amounting to ₱18,683 million and ₱28,399 million, respectively, in ABS-CBN. There are also several factors, including the impact of COVID-19, that can continue to significantly affect the planned

activities of ABS-CBN to ensure its continuing operations. These factors have affected and may continue to affect ABS-CBN's future compliance with certain provisions of its existing loan covenants.

On July 13, 2020, the Philippine Stock Exchange (PSE) suspended trading of the common shares and PDRs of ABS-CBN and the Company, respectively, pending the submission by ABS-CBN of an acceptable comprehensive disclosure on the effects of denial by Congress of the grant of the franchise. ABS-CBN submitted an acceptable disclosure on July 22, 2020, which the PSE approved on July 23, 2020. The PSE lifted the suspension of trading on the same date. On July 24, 2020, the PSE requested information relating to the unusual price movement in the trading of the PDRs from ₱9.10 to ₱6.37 per PDR and the Company responded on the same date.

Part of ABS-CBN's existing loan covenant with its creditors require it to possess a valid government license/franchise to operate certain businesses. The non-renewal of the franchise therefore had an adverse impact on ABS-CBN's ability to comply with this loan provision (the "Franchise Expiration Default"). To address this, ABS-CBN entered into an agreement with its existing lenders in 2020 (the "Omnibus Security and Intercreditor Agreement") to provide for the creation of a mortgage and security interest over certain assets of ABS-CBN, the opening and maintenance of Debt Service Reserve Account, pre-payment of the ₱4.0 billion of its loans, and an amendment of existing loan agreements. The lenders agree that, upon satisfaction of the necessary conditions under the Omnibus Security and Intercreditor Agreement (the "Standstill Effective Date") and during the effectivity period of the standstill as specified in the Omnibus Security and Intercreditor Agreement, it shall not declare an event of default to the extent that it relates to the Franchise Expiration Default. As of September 30, 2021, ABS-CBN was still in the process of completing certain conditions in the Omnibus Security and Intercreditor Agreement.

The matter on the Franchise Expiration Default resulted in the classification of ABS-CBN loans to current liabilities as of September 30, 2021 as provided for under PAS 1, *Presentation of Financial Statements*. The creditor banks executed the waiver for the financial ratio on May 14, 2021 and May 21, 2021. Moreover, on May 31, 2021, all the conditions specified in the Omnibus Security and Intercreditor Agreement were satisfied and accordingly, the Standstill Effective Date Notice was executed by all parties. These are considered as non-adjusting subsequent events. As of September 30, 2021, as a result of the execution of the Standstill Effective Date Notice and the receipt of waivers for the quarters ended September 30, 2021, the principal payment schedule remains as stipulated in the original loan agreements (i.e. the earliest maturity date is on 2025). ABS-CBN will closely coordinate with its creditor banks and negotiate for waivers of certain covenants as the need arises. Management of ABS-CBN believes that ABS-CBN will be able to satisfy the requirements of its creditor banks to retain the existing payment schedules, under the relevant loan agreements.

These conditions indicate that a material uncertainty exists that may cast significant doubt on the ability of ABS-CBN to continue as a going concern.

On February 10, 2020, the Solicitor General filed before the Supreme Court of the Philippines a quo warranto petition against ABS-CBN, alleging that ABS-CBN breached the constitutional restriction on foreign ownership of mass media by issuing PDRs to foreigners. The Constitution expressly prohibits any form of foreign ownership and control of mass media. ABS-CBN responded to disprove the allegation. ABS-CBN filed a comment to the Supreme Court that the PDR holders' rights are not equivalent to the full beneficial ownership of rights of the shareholders of ABS-CBN. On June 23, 2020, the Supreme Court of the Philippines dismissed the quo warranto petition.

On June 11, 2020, the hearing of the House Committee on Legislative Franchises focused on the compliance of the PDRs issued by the Company with the Constitution. ABS-CBN has stated that the PDRs were evaluated and approved by the SEC and the PSE before its public offering. The findings and recommendations of the technical working group of the House Committee on Legislative

Franchises cited the constitutionality of the PDRs as one of the reasons for the denial of the franchise application of ABS-CBN.

The going concern uncertainty of ABS-CBN and the issue on the purported breach of the constitutional restriction on foreign ownership of mass media by issuing the PDRs to foreigners indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern since the Company's only business involves the issuance of PDRs, the performance of obligations under the PDRs and the acquisition and holding of shares of ABS-CBN in respect of PDRs issued. Thus, the Company may not be able to realize its assets and discharge its liabilities in the normal course of business.

Based on the Company's management's discussion with the management of ABS-CBN, disclosures in the financial statements of ABS-CBN and with the PSE, management of ABS-CBN assessed that it will be able to maintain its positive cash position and settle its liabilities as they fall due through the following plans on future actions:

1. ABS-CBN has and will continue to pursue partnerships with various reputable companies that will allow ABS-CBN to share its Free-to-Air produced content nationwide.
2. ABS-CBN continues to operate in other businesses that do not require a legislative franchise, such as, international licensing and distribution, digital and cable businesses, as well as continue with the syndication of content through various streaming services.
3. ABS-CBN takes into consideration the probable shift of consumer behavior in terms of accessing content, as well as the ever-changing technology available to the public. ABS-CBN has also implemented the un-geoblocking of digital content for various regions overseas to allow more consumers to have free and easy access to the ABS-CBN's content. Likewise, ABS-CBN takes into consideration the impact of COVID-19 in other business segments.
4. ABS-CBN has adopted and continues to implement cost control measures, reducing general and administrative expenses or overhead, rationalizing capital expenditures, and streamlining its manpower requirements.
5. ABS-CBN will closely coordinate with its creditor banks and negotiate for waivers of certain covenants as the need arises. ABS-CBN's management believes that it will be able to satisfy the requirements of the creditor banks to retain the existing payment schedules, under the relevant loan agreements.
6. ABS-CBN continues to explore and intends to pursue all available remedies and courses of action, and will comply with relevant legal, regulatory and contractual requirements, to be able to sustain its current and future business operations, which do not necessarily involve broadcast only.

After considering the events resulting from the Resolution and the responses of ABS-CBN to address these uncertainties, the financial statements of ABS-CBN have been prepared on a going concern basis of accounting, accordingly.

On April 28, 2021, an addendum to the mortgage agreement was signed by ABS-CBN, the creditors, and security agent to reflect the agreements reached with regard to proposed sale of certain real estate.

On May 27, 2021, ABS-CBN's BOD approved the release from appropriation, retained earnings of ₱16,200 million set aside for capital expenditures.

On May 14 and 21, 2021, ABS-CBN has obtained consent and approval from the Union Bank of the Philippines, Inc. (UnionBank) and the Bank of the Philippine Islands (BPI), respectively, to waive the

provisions of the loan agreement requiring the financial covenants for the 4th quarter of 2020 and the 1st quarter of 2021.

The Standstill Effectivity date has occurred on May 31, 2021.

As of September 30, 2021, the PDRs and the underlying shares of ABS-CBN are still listed in the PSE. In consultation with its legal counsel, the Company's management believes that the issuance of PDRs comply with the Philippine nationality laws on ownership of mass media companies and that it can and will continue to transact issuance of PDRs, deliver the shares or proceeds from the sale of the ABS-CBN shares (see Note 3). As such, the accompanying financial statements of the Company have been prepared on a going concern basis of accounting.

2. Summary of Significant Accounting Policies

Basis of Preparation

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

Statement of Compliance

The accompanying financial statements were prepared in compliance with Philippine Financial Reporting Standards (PFRS).

The Company does not qualify for reporting under the PFRS for Small Entities as set out under Revised Securities Regulation Code (SRC) Rule 68 issued by the SEC since its PDRs are listed in PSE.

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 new accounting standards effective beginning January 1, 2021. Except as otherwise indicated, adoption of the following interpretations and accounting policies did not have a significant impact on the financial position or performance of the Company.

3. Significant Judgments, Estimates and Assumptions

The Company's financial statements prepared under PFRS require management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and related notes. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. In preparing the financial statements, management has made its best judgments, estimates and assumptions of the certain amounts, giving due consideration to materiality.

Judgments, estimates and assumptions 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.

Judgments

Management makes judgment in the process of applying the Company's accounting policies. Judgment that has the most significant effect on the reported amounts in the financial statements is discussed below.

Use of Going Concern Assumption. As discussed in Note 1, the Company does not conduct any business other than in connection with the issuance of PDRs, the performance of obligations under the PDRs and the acquisition and holding of shares of ABS-CBN in respect of PDRs issued. On

July 10, 2020, the House Committee on Legislative Franchises (Regular and Ex-Officio members) voted to adopt a Resolution denying the franchise application of ABS-CBN. The Resolution significantly affected the media, networks, and studio entertainment operations of ABS-CBN, specifically the free-to-air business of ABS-CBN in the Philippines which resulted in a net loss of ₱13,531 million and negative operating cash flows of ₱2,405 million for the year ended December 31, 2020 in ABS-CBN, and current assets and current liabilities of ABS-CBN as of December 31, 2020 amounting to ₱18,683 million and ₱28,399 million, respectively. There are also several factors that can continue to significantly affect the planned activities of ABS-CBN to ensure the continuing operations, including the impact of COVID-19. These factors have affected and can continue to affect ABS-CBN's future compliance with certain provisions of its existing loan covenants. Moreover, one of the hearings of the House Committee on Legislative Franchises focused on the compliance of the PDRs issued by the Company with the Constitution. The findings and recommendations of the technical working group of the House Committee on Legislative Franchises cited the constitutionality of the PDRs as one of the reasons for the denial of the franchise application of ABS-CBN. The going concern uncertainty of ABS-CBN and the issue on the purported breach of the constitutional restriction on foreign ownership of mass media by issuing the PDRs to foreigners indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Management assessed that the use of going concern is appropriate based on ABS-CBN's management's assessment that ABS-CBN will be able to maintain its positive cash position and settle its liabilities as they fall due within 12 months from the end of the reporting period considering the events resulting from the Resolution and the responses of ABS-CBN to address these uncertainties. Details of these plans are disclosed in Note 1.

In addition, in consultation with its legal counsel, the Company's management believes that the PDRs comply with the Philippine nationality laws on ownership of mass media companies. As such, the accompanying financial statements of the Company have been prepared on a going concern basis of accounting.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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

The Company did not recognize deferred income tax asset on the carry forward benefits of NOLCO since management believes that sufficient future taxable income may not be available against which this can be utilized. Unrecognized deferred tax assets on NOLCO amounted to ₱4,001,200 and ₱3,060,143 as at September 30, 2021 and December 31, 2020, respectively (see Note 9).

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

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

Each PDR grants the holders, upon payment of the exercise price and subject to certain other conditions, the delivery of one ABS-CBN share or the sale of and delivery of the proceeds of such sale

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

The obligations of the Company in respect of the PDRs are secured by a pledge dated October 5, 1999 in favor of a security agent acting on behalf of the holders of the PDR. The pledge secures the delivery by the Company of the ABS-CBN shares upon exercise of the PDRs. The number of PDRs outstanding will always be matched by an equal number of ABS-CBN shares subject to the pledge. The Company undertakes that, at all times, it will own sufficient number of ABS-CBN shares to discharge its obligation under the PDR.

Upon exercise of the PDRs, an exercise price of ₱0.10 per share is paid by the PDR holders, where qualified to acquire the ABS-CBN shares. This exercise price is shown as “Exercise fees” account in the statements of comprehensive income.

Immediately prior to the closing of the PDR offering described above, Lopez, Inc., transferred 132,000,000 ABS-CBN shares to the Company in relation to which the PDRs were issued. For as long as the PDRs are not exercised, these shares underlying the PDRs are, and will continue to be registered in the name of and owned by, and all rights pertaining to these shares, including voting rights, shall be exercised by the Company. The obligations of the Company to deliver the ABS-CBN shares on exercise of the right contained in the PDRs are secured by the Pledge of Shares in favor of the Security Agent acting on behalf of each holder of a PDR over the ABS-CBN shares.

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

ABS-CBN shares were converted into PDRs at a range of ₱7 to ₱15 in 2021.

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

	Number of Shares	PDRs
Balance at December 31, 2019	306,806,300	₱14,703,810,124
Conversion of PDRs	(31,352,770)	(405,899,927)
Balance at December 31, 2020	275,453,530	14,297,910,197
Conversion of PDRs	(1,577,400)	(18,023,400)
Balance at September 30, 2021	273,876,130	₱14,279,886,797

5. Cash and Cash Equivalents

	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
Cash in banks	₱14,561,921	₱18,525,628

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

For the nine months ended September 30, 2021 and 2020, interest income earned from cash and cash equivalents amounted to ₱10,840 and ₱81,410, respectively.

6. Trade and Other Payables

	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
Trade:		
PDR holders	₱6,272,684	₱5,330,394
Related parties (Note 10)	1,015,009	934,979
Unearned revenue	2,706,785	6,207,922
Due to a related party (Note 10)	3,532,527	5,444,436
Accruals for:		
Maintenance fees	1,281,469	870,270
Legal and professional fees	173,150	161,000
Others (Note 10)	147,153	138,353
Statutory payables	20,116	434
Others	359,735	376,392
	₱15,508,628	₱19,464,180

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

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

Due to a related party consists mainly of non-interest bearing advances for working capital requirements and administrative expense from ABS-CBN, an entity under common ultimate ownership with the Company.

7. Equity

	September 30, 2021		December 31, 2020	
	(Unaudited)		(Audited)	
	Number of Shares	Amount	Number of Shares	Amount
Authorized - ₱100 par value	1,000	₱100,000	1,000	₱100,000

	September 30, 2021 (Unaudited)		December 31, 2020 (Audited)	
	Number of Shares	Amount	Number of Shares	Amount
Subscribed, net of subscriptions receivable of ₱30,000	400	₱10,000	400	₱10,000

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

Corporate Name	Date of Approval	Authorized Capital Stock	Issue/ Offer Price
Worldtech Holdings Corporation	March 30, 1999	1,000	₱100
ABS-CBN Holdings Corporation	September 16, 1999	–	–

As at September, 2021 and December 31, 2020, the total number of shareholders is seven (7).

The total number of PDR holders, which includes Philippine Central Depository Nominee Corporation as at September 30, 2021 is 129 while as at December 31, 2020, there were 123 PDR holders.

8. Operating Expenses

	Nine Months Ended September 30 (Unaudited)	
	2021	2020
Professional services (Note 10)	₱1,532,594	₱274,670
Outside services	1,022,465	1,336,626
Listing fees	386,621	555,812
General services (Note 10)	146,584	196,013
Others	48,592	29,120
	₱3,136,856	₱2,392,241

9. Income Tax

There is no provision for income tax for the period ended September 30, 2021 and 2020 since the Company is on a taxable loss.

As at September 30, 2021 and December 31, 2020, the deferred tax asset on NOLCO amounting to ₱4,001,200 and ₱3,060,143, respectively, were not recognized because management believes that the corresponding benefits will not be realized in the future.

As at September 30, 2021, NOLCO that can be applied as deductions from future taxable income follows:

Dates Incurred	Expiry Dates	Amounts
December 31, 2018	December 31, 2021	4,123,648
December 31, 2019	December 31, 2022	2,863,488
December 31, 2020	December 31, 2023	3,213,340
September 30, 2021	September 30, 2024	3,136,856
		₱13,337,332

NOLCO amounting to ₱4,924,839 expired in 2020.

The reconciliation between the provision for income tax computed at statutory rate of 30% for the nine months period ended September 30, 2021 and 2020 and provision for income tax as shown in the statements of comprehensive income is as follows:

	Nine Months Ended	
	September 30	
	(Unaudited)	
	2021	2020
Provision for income tax computed at statutory tax rate	₱–	₱–
Add (deduct) income tax effect of:		
Expired NOLCO	1,477,452	1,777,387
Reimbursements from PDR holders	(937,805)	270,426
Change in value of unrecognized deferred tax asset	(536,395)	(1,059,715)
Interest income already subjected to final tax	(3,252)	(24,423)
Exercise fees	–	(963,675)
	₱–	₱–

10. Related Party Transactions and Disclosures

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or under common control with the Company, including holding companies and fellow subsidiaries, are related entities of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related entities.

Significant transactions of the Company with the related parties are as follows:

Description	Nature	Terms and Conditions	Nine Months Ended	
			September 30	
			(Unaudited)	
			2021	2020
Working capital requirements and administrative expenses advanced by ABS-CBN*	Advances (Note 6)	30 days upon receipt of billings; noninterest-bearing	₱–	₱172,593
Service fees for accounting services rendered by ABS-CBN Shared Services Regional Operating Headquarters*	General services (Note 8)	30 days upon receipt of billings; noninterest-bearing	146,584	196,013
Directors	Directors' allowance (Note 8)	30 days upon receipt of billings; noninterest-bearing	77,778	77,193

* Entities under control of Lopez, Inc.

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

Related Party	Terms and Conditions	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Trade Payables			
ABS-CBN Shared Services Regional Operating Headquarters*	Unsecured; 30 days upon receipt of billings; noninterest-bearing	₱1,015,009	₱934,979
Accrued expenses			
Directors	Unsecured; 30 days upon receipt of billings; noninterest-bearing	82,353	82,353
Due to a related party			
ABS-CBN*	Unsecured; 30 days upon receipt of billings; noninterest-bearing	3,532,527	5,444,436

* Entities under control of Lopez, Inc.

The administrative and accounting functions of the Company are being performed of ABS-CBN Shared Services, a related party. Fees paid to these are recognized in “General Services” under the “Operating expenses” account in the statements of comprehensive income (see Note 8).

Key Management Personnel of the Company

Allowances of BOD, recorded in “Professional Services” under “Operating expenses” in the statements of comprehensive income amounted to ₱0.08 million for the period ended September 30, 2021 and 2020 (see Note 8).

Terms and Conditions of Transactions with Related Parties

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

11. Financial Risk Management Objectives and Policies

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

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

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

Credit Risk

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

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

	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
Cash and cash equivalents	₱14,561,921	₱18,525,628
Receivables	936,707	928,552
Deposit	10,000	10,000
	₱15,508,628	₱19,464,180

As at September 30, 2021 and December 31, 2020, the Company's financial assets are neither past due nor impaired and are considered to be of high quality since these are deposits or placements to counterparties with good credit rating or bank standing.

Liquidity Risk

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

As at September 30, 2021 and December 31, 2020, the Company's trade and other payables, excluding statutory payables, amounted to ₱15,488,512 and ₱19,464,180, respectively, are classified as current and are payable on demand.

Capital Risk Management

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

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

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders. No changes were made in the objectives, policies or processes during the periods ended September 30, 2021 and December 31, 2020. The Company is not subject to any externally imposed capital requirement.

As at September 30, 2021 and December 31, 2020, the Company considers its total paid-in capital of ₱23,099,356 as capital.

12. Fair Value of Financial Instruments

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

Cash and Cash Equivalents, Receivables, Trade Payables and Other Payables. Due to the short-term nature of transactions, the fair values of these instruments approximate the carrying amounts as at financial reporting date.

13. Earnings Per Share

The following table presents information necessary to calculate earnings per share:

	Nine Months Ended September 30 (Unaudited)	
	2021	2020
Net income	P–	P–
Divided by weighted average share outstanding	400	400
Basic/diluted earnings per share	P–	P–

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

PART II: OTHER INFORMATION

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

Exhibit A – Aging of Receivable

As of September 30, 2021 (Unaudited)

	Neither Past Due nor Impaired	Past Due but not Impaired		Impaired	Allowance	Total
		Less than 30 Days	and Over 30 Days			
Receivables	₱936,707	–	–	–	–	₱936,707

As of December 31, 2020 (Audited)

	Neither Past Due nor Impaired	Past Due but not Impaired		Impaired	Allowance	Total
		Less than 30 Days	and Over 30 Days			
Receivables	₱928,552	–	–	–	–	₱928,552

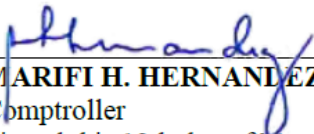
SIGNATURE

For the SEC 17-Q Third Quarter 2021 Report

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

Registrant: ABS-CBN Holdings Corporation

By:



MARIFI H. HERNANDEZ
Comptroller
Signed this 12th day of November, 2021