



**PRIME MEDIA**  
*Holdings, Inc.*

2019 Annual Report



**PRIME MEDIA**  
*Holdings, Inc.*

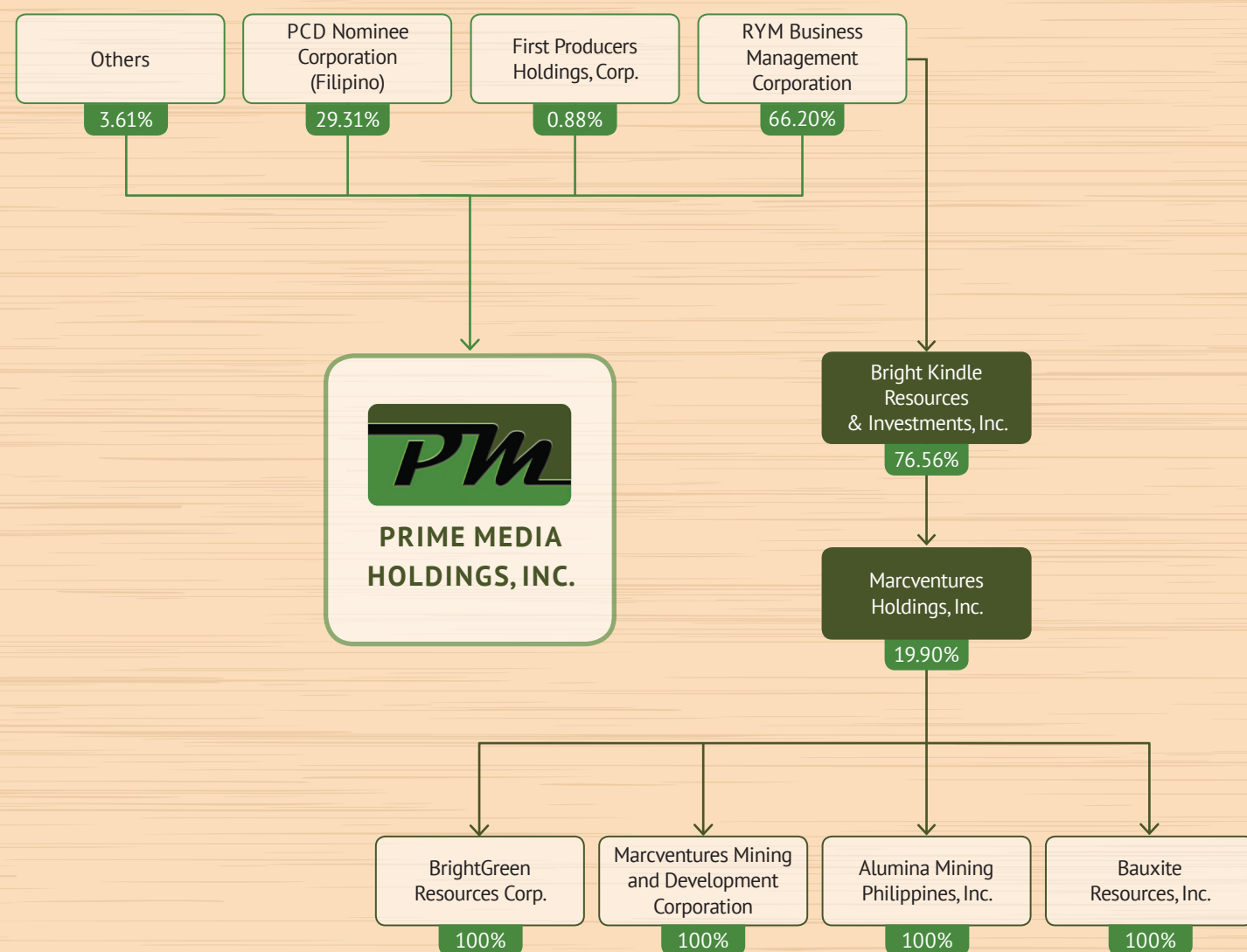
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# Conglomerate Map

December 31, 2019



## Report of the Chairman & President



It is no secret that Prime Media Holdings Inc. ("PRIM") has been in a state of dormancy since it changed its primary purpose in December 2002 from a development bank to a holding company. While this may be the case, it does not mean that efforts to fully revitalize the company have not been ongoing since. In fact, the current management that took over in 2013 has been extra vigilant in ensuring that PRIM will be well on its way to financial viability.

We reported a 4.37% increase in the company's total liabilities in 2019. Despite this, however, there was also a countervailing increase in the value of its assets due to certain measures taken within the past year.

By no means is PRIM out of the woods yet, but we are pleased that its net losses for 2019 decreased by 95.96% from Php 24.57 million in 2018 to Php 992,120 in 2019. This is clearly a result of the fiscal discipline being diligently exercised by management.

I am cautiously optimistic that with PRIM pursuing its plans on revival, not to mention the recently reported capital infusion that is expected to be finalized soon, all these will reinvigorate PRIM and allow it to reach its maximum potential in the very near future.

  
**ATTY. MANOLITO A. MANALO**  
 Chairman & President





## 2019 OPERATIONAL & FINANCIAL HIGHLIGHTS

### Results of Operations

	2019	Audited		Increase (Decrease)	
		2018	Amount	%	
Income	3,577,349	1,819,791	1,757,558	96.58%	
Net income (loss)	(992,120)	(24,573,027)	23,580,907	-95.96%	
Comprehensive income (loss)	(592,120)	(24,373,027)	23,780,907	-97.57%	

The increase in income by Php1.8 million is mainly due to the interest accrued during the year, from the outstanding loans receivable from MMDC. The comprehensive loss for the year has significantly dropped by Php23.8 million. Last year's loss on sale of investment properties resulted from the sale of the Company's Legaspi Property in favor of Pacific Mall Corporation. The sale resulted to a loss of Php24.9 million.

### Financial Position

	2019	Audited		Increase (Decrease)	
		2018	Amount	%	
Assets	54,166,468	46,580,388	7,586,080	16.29%	
Liabilities	195,481,280	187,303,080	8,178,200	4.37%	
Capital Deficiency	(141,314,812)	(140,722,692)	(592,120)	0.42%	

The Company's assets has increased by Php7.6 million or 16.29%. The increase is mainly due to receipt of cash from Bulaong Enterprises, Inc. in relation to the compromise agreement related to a legal case, which as at December 31, 2019, totaled Php8.2 million. The subject property involved in the compromise agreement is included in the list of properties for transfer to PDIC pursuant to the 12 September 2002 Memorandum of Agreement among the Company, PDIC and BDO, hence, collections were accounted for as liability. In line with this, an increase in liabilities of Php8.2 million was noted. Payments for general and administrative expenses offset the increase in assets. Lastly, the increase in capital deficiency amounting to Php0.6 million is attributable to the comprehensive loss for the year.

## BOARD OF DIRECTORS

### MANOLITO A. MANALO

Chairman of the Board/President/Director

### BERNADETH A. LIM

Vice President/Director

### JUAN VICTOR S. VALDEZ

Director

### JOHNNY Y. ARUEGO JR.

Independent Director

### ANTONIO L. TIU

Director

### FRANCISCO L. LAYUG III

Independent Director

### ROLANDO S. SANTOS

Director/Treasurer

### EXECUTIVE OFFICERS

### ATTY. MAILA LOURDES G. DE CASTRO

Corporate Secretary

### CHRISTOPHER SAM S. SALVADOR

Co-Corporate Information Officer

## MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The Company has not been actively operating since its primary purpose was changed from a development bank to a holding company in December 2002 other than the continuing activities described in Part I A (1). There are no known trends, events or material commitments that are expected to have a material favorable or unfavorable impact on the financial condition or on income from continuing operations. The Company also signed subscription agreements with its major stockholders for total proceeds of ₱179 million, of which ₱70 million was received in April 2013 and the balance of ₱109 million was collected in May and June 2014. This further bring down the capital deficit and will be the major source of funding for the expenses related to the transfer of the remaining assets to PDIC and BSP. Aside from the transfer of assets to PDIC and BSP, the Company continues to pursue the clean-up of its books and the settlement of its remaining obligations to pave the way for possible additional capital infusion from third party investors.

The Company is still exploring for a new business. Its current activities comprise mainly of transferring asset related to its development bank operation to BOO & PDIC. Thus, the company has continued to incur losses resulting to a capital deficiency of ₱141.31 million and ₱140.72 million as at December 31, 2019 and 2018, respectively. The Stockholders, however, have continued to provide the necessary financial support to sustain company operations. The stockholders converted their preferred stock of ₱48.6 million into common stock in 2016 and converted their advances of ₱600.5 million to additional capital in 2014 and infused capital aggregate ₱119.0 million in 2014 and 2013 to reduce capital deficiency.

The Company undergone an equity restructuring to reduce capital deficiency.

Explanations for the material changes in the Company's accounts between 2019 and 2018 are as follows:

### Statement of Financial Position

	Audited		Increase (Decrease)	
	2019	2018	Amount	%
	(in Millions)			
Assets	₱54.17	₱46.58	(₱7.59)	(16.29%)
Liabilities	195.48	187.30	8.18	4.37%
Stockholders' Equity	141.31	(140.72)	(0.59)	0.42

The Company's total Assets of ₱54.17 million surged by ₱7.59 million or 16.29% compared with the same period last year. The movement in total Assets is attributable to the following:

- Cash balance of ₱10.02 million is higher by ₱4.42 million compared with the same period last year. The significant increase is mainly due to receipt of cash from Bulaong Enterprises, Inc. in relation to the compromise agreement related to a legal case, which is at December 31, 2019, totaled ₱8.2 million. Payments for general and administrative expenses offset the increase in cash.
- Accrual of interest income from an outstanding loans receivable from MMDC, an affiliated company, amounting to ₱2.6 million during the year, resulted to the increase in receivables by ₱2.77 million. The loan agreement bears an interest of 10% per annum.



- The increase in Investment in a club share is mainly due to recognition of the fair value changes amounting to ₱40 million during the year.
- Decrease in equipment of ₱0.34 million is attributed to the depreciation recognized for the year. No addition and/or disposal was made during the year.

Cash receipts during the year totaling ₱8.2 million from Bulaong Enterprises, Inc. in relation to the compromise agreement involving a legal case, resulted to the increase in Liabilities. This represents partial settlement out of the ₱17.0 million settlement fee (exclusive of ₱1.62 million interest), as indicated in the agreement. The subject property involved in the compromise agreement is Included in the list of properties for transfer to PDIC pursuant to the 12 September 2002 Memorandum of Agreement among the Company, PDIC and BDO, hence, collections were accounted for as liability.

Capital deficiency is higher by ₱0.59 million compared with same period last year. The company incurred a net loss of ₱0.99 million and recognized ₱40 million gain on fair value changes on its investment in a club share, which movement resulted to the increase in capital deficiency.

#### Results of Operations

	Audited		Increase (Decrease)	
	2019	2018	Amount	%
	(in Millions)			
Income	<b>₱3.58</b>	₱1.82	(₱1.76)	96.58%
Expenses	<b>4.50</b>	35.77	31.28	(87.43%)

The Company's operating results reflected a net loss of ₱0.99 million and ₱24.57 million in 2019 and 2018, respectively. Comparing with the same period last year, there is a huge drop of ₱23.58 million or 95.96%. The significant changes were mainly due to the following:

- The increase in income is mainly due to the interest accrued during the year, from the outstanding loans receivable from MMDC. The said loan bears an interest of 10% annually. On the other hand, the Company's lease agreement with MMDC, for the lease of the transportation equipment, has expired last October 2019, which resulted to the decline in rental income.
- Professional fee decreased by ₱0.58 million or equivalent to 22.44%, primarily due to decrease in payments of legal fees.
- Taxes and licenses for the year amounting to ₱0.43 million is lower by ₱1 .02 million compared with same period last year. The Company paid real property taxes last year for its property located in Legazpi totalling ₱0.77 million, which caused last year's expense to be significantly higher compared with the current year.
- Association dues of ₱0.07 million is lower by ₱2.48 million compared with the same period last year. The Company paid its association dues (including those in arrears) to Landco Business Park last year, concerning the Legazpi property, which resulted to higher expense than the current year.

- The increase in Representation expenses by ₱0.91 million is due to payment of representation fees to legal counsels on pending cases involving the company.
- Other expenses increased by ₱1 .08 million due to recognition of other miscellaneous expense and representation expenses.
- Last year's loss on sale of investment properties resulted from the sale of the Company's Legaspi Property In favor of Pacific Mall Corporation. The sale resulted to a loss of ₱24.9 million.

Explanations for the material changes in the Company's accounts between 2018 and 2017 are as follows:

#### Statement of Financial Position

	Audited		Increase (Decrease)	
	2019	2018	Amount	%
	(in Millions)			
Assets	<b>₱46.58</b>	₱88.52	(₱41.94)	(47.38%)
Liabilities	<b>187.30</b>	202.63	15.33	7.56%
Stockholders' Equity	<b>(140.72)</b>	(114.11)	(26.61)	23.32%

The total Assets of the Company decreased by ₱41.94 Million or equivalent to 47.38% from ₱88.52 Million in 2017 to ₱46.58 Million in 2018. The significant changes were mainly due to the following:

- Cash increased significantly from ₱1.72 million as of December 31, 2017 to ₱5.60 million as of December 31, 2018, an increase of ₱3.88 million was brought mainly by the proceeds of sale of the Investment property in Legaspi City, Albay sold to Pacific Mall Corporation.
- Receivable increased by ₱24.90 million due to the interest-bearing loan agreement entered into by the company with Marcventures Mining and Development Corporation.
- Increase in Other current asset of ₱3.67 million was brought by the payment of a prepaid insurance and a creditable withholding tax of ₱3.42 million representing a 6% tax withheld by Pacific Mall Corporation.
- Due from related party decreased significantly by ₱4.43 million or equivalent to 35.69% that pertains to the collection and offset on advances from RYM Business Management Corporation.
- Decrease in Non-Current assets of ₱69.96 million or equivalent to 97.55% resulted from the sale of investment property in Legazpi City, Albay amounting to ₱69.88 million.

Liabilities decreased by ₱15.33 million or equivalent to 7.56% which is mainly due to the reversal of deferred tax liability and a decrease in the accrued interest, taxes and registration expenses brought by the payment to BSP of a compromise fee amounting to ₱20 million.

The company incurred a net loss of ₱24.37 million in 2018 which resulted to decrease in the total stockholder's equity.



## Results of Operations

	Audited		Increase (Decrease)	
	2019	2018	Amount	%
			(in Millions)	
Income	<b>₱1.82</b>	₱2.20	(₱0.38)	11.27%
Expenses	<b>35.77</b>	30.11	5.66	(18.80%)

Operating results reflected a net loss of ₱24.57 million in 2018, or equivalent to 13.58% tower as compared to 2017 reported net loss of ₱28.44 million. The significant changes were mainly due to the following:

- Interest income on loans receivable increased by ₱0.43 million brought by the Loan agreement with Marcventures Mining and Development Corporation.
- Rental income increased by ₱0.85 million this period or equivalent to 303%.
- Recovery of asset previously written off is ₱0.25 million this period compared to ₱0.17 million last year or an increase of ₱0.08 million or equivalent to 47.73%.
- Loss resulted from the sale of the company's Legaspi Property in favor of Pacific Mall Corporation for ₱51.82 million. The sale resulted to a loss of ₱24.9 million representing the difference between the selling price as well as taxes paid by the company and the fair market value of the Legaspi property as recognized in the books.
- Professional fee increased by ₱0.80 million or equivalent to 44.25%. The increase pertains to payment of legal fees and PSE Listing fees.
- Association dues for the period is ₱2.55 million as compared to nil for 2017. The 100% increase is mainly due to payment of arrears on associations dues to Landco Business Park as well as penalties from years 2011 to September 2018 concerning the Legaspi Property.
- Outside Services increased by ₱0.14 million or 10.60% for payment of services for asset management, transfer and registration.
- Taxes and licenses increased from ₱0.46 million in 2017 to ₱1.45 million in 2018 or ₱99 million higher, due to the increase in payment of Documentary stamp tax and Real property taxes for the current year.
- Representation expenses increased by ₱0.9 million that is due to payment of representation fees to legal counsels on pending cases Involving the company.
- Depreciation increased by ₱0.24 million due to the depreciation of a new purchased transportation equipment.
- Other expenses increased by ₱0.43 million due to recognize of other miscellaneous expense and representation expenses.

Explanations for the material changes in the Company's accounts between 2017 and 2016 are as follows:

## Statement of financial Position

The total Assets of the Company decreased by ₱27.95 Million or equivalent to 23.99% from ₱116.46 Million in 2016 to ₱88.52 Million in 2017. The significant changes were mainly due to the following:

- Cash decreased significantly from ₱2.70 million as of December 31, 2016 to ₱1.72 million as of December 31, 2017, a decrease of ₱0.97 million or equivalent to 36.06% pertains mainly to the payment of administrative expenses.
- Receivable decreased by ₱2.07 million or equivalent to 45.80% due to set up of allowance for doubtful accounts on cash advances.
- Other current assets decreased due to reversal of interest receivable amounting to ₱0.60 million or equivalent to 74.29%.
- Due from Parent Company decreased significantly by ₱27.58 million or equivalent to 68.95% pertains to the collection on advances made to RYM Business Management Corporation.
- Equipment increased pertains to purchase of Toyota Hilux amounting to ₱1.58 million.

Liabilities increased by ₱0.43 million mainly due to increase in deferred tax liability.

The company incurred a net loss of ₱28.32 million in 2017 which resulted to decrease in the total stockholder's equity.

## Results of Operations

Operating results reflected a net loss of ₱28.44 million in 2017, equivalent to 8.24% or ₱2.16 million higher as compared to 2016 reported net loss of ₱26.27 million. The significant changes were mainly due to the following:

- Recovery of accounts written-off decreased by ₱0.58 million or 77.66% due to lower collected this year.
- Provision for impairment loss increased by ₱2.13 million due to set up of allowance for doubtful accounts on cash advances made to the previously engaged for processing the transfer and registrations.
- Professional fees decreased by ₱1.04 million or equivalent to 36.58% due to lower legal fees in 2017.
- Outside services increased from ₱1.09 million in 2016 to ₱1.32 million in 2017, ₱0.22 million or equivalent to 20.38% primarily due to engagement of individual for court appearance.



- Taxes and licenses decreased from ₱0.65 million in 2016 to ₱0.46 million in 2017, 29.76% in due to payment of Documentary stamp tax on 2016.
- Rent decreased by ₱0.09 million or equivalent to 31.56% due lower association dues in 2017.
- Salaries and allowance decreased by ₱0.13 million or equivalent to 100.00% due to paid allowance on contractual employees in 2016 and none in 2017.
- Depreciation expense increased by ₱0.06 million due to the increased in transportation equipment.
- Other -expenses increased by ₱0.53 million due to recognize of other miscellaneous expense from interest receivable.

#### Performance Indicators

#### Key Performance Indicators (KPI's)

Comparative figures of the key performance indicators (KPI) for the fiscal years ended December 31, 2019 and December 31, 2018:

	2019	2018
Net Loss	(₱992,120)	(₱24,573,027)
Current assets	52,351,710	44,822,195
Total assets	54,166,468	46,580,388
Current liabilities	195,481,280	187,303,080
Total liabilities	195,481,280	187,303,080
Stockholders' Equity	(141,314,812)	(140,722,692)
No. of common shares outstanding	700,298,616	700,298,616

	2019	2018
Current ratio <sup>1</sup>	0.27	0.24
Book value per share <sup>2</sup>	(0.20)	(0.20)
Debt ratio <sup>3</sup>	(1.38)	(1.33)
Profit (loss) per share <sup>4</sup>	(0.004)	(0.04)
Return on assets <sup>5</sup>	(0.02)	(0.36)

Note:

1. Current assets / current liabilities
2. Stockholder's Equity/ Total outstanding number of shares
3. Total Liabilities/ Stockholder's Equity
4. Net Income (Loss)/ Total outstanding number of shares
5. Net income (Loss) / average total assets

**PRIME MEDIA HOLDINGS, INC.**  
(A Subsidiary of RYM Business Management Corp.)

## Statements of Financial Position

	Note	December 31 2019	2018
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	4	₱10,023,033	₱5,602,963
Receivables	5	30,164,567	27,396,444
Due from related parties	14	8,169,372	7,940,000
Other current assets	6	3,994,738	3,882,788
Total Current Assets		52,351,710	44,822,195
<b>Noncurrent Assets</b>			
Investment in a club share	8	900,000	500,000
Equipment	9	914,758	1,258,193
Total Noncurrent Assets		1,814,758	1,758,193
		₱54,166,468	₱46,580,388
<b>LIABILITIES AND CAPITAL DEFICIENCY</b>			
<b>Current Liabilities</b>			
Accrued expenses and other current liabilities	10	₱181,601,280	₱173,423,080
Due to a related party	13	13,880,000	13,880,000
Total Current Liabilities		195,481,280	187,303,080
<b>Capital Deficiency</b>			
Capital stock	11	714,664,876	714,664,876
Deficit		(856,679,688)	(855,687,568)
Other comprehensive income	8	700,000	300,000
Total Capital Deficiency		(141,314,812)	(140,722,692)
		₱54,166,468	₱46,580,388

See accompanying Notes to Financial Statements.





**PRIME MEDIA HOLDINGS, INC.**

(A Subsidiary of RYM Business Management Corp.)

**Statements of Comprehensive Income**

		December 31		
	Note	2019	2018	2017
<b>INCOME</b>				
Interest income	4	P2,609,349	P446,732	P13,474
Rent	12	828,000	1,125,857	279,360
Recovery of accounts written-off	5	140,000	247,202	167,328
Gain on fair value changes of Investment properties	7	-	-	1,741,000
		<b>3,577,349</b>	1,819,791	44,822,195
<b>EXPENSES</b>				
Professional fees		2,012,822	2,595,114	1,799,004
Outside services		603,544	2,553,793	1,316,410
Insurance		725,214	27,120	37,422
Taxes and licenses		429,940	1,453,072	459,978
Depreciation	9	343,435	334,372	96,010
Association dues		70,319	2,553,793	-
Transportation and travel		66,635	76,593	31,684
Directors' fee		45,000	60,000	50,000
Representation		1,500	912,087	12,500
Loss on sale of investment properties	7	-	24,896,294	-
Rent		-	125,488	186,699
Management fee		-	-	23,092,784
Provision for impairment losses		-	-	2,126,335
Others		199,700	1,284,358	896,788
		<b>4,498,109</b>	35,774,296	30,105,614
<b>LOSS BEFORE INCOME TAX</b>		<b>(920,760)</b>	(33,954,505)	(27,904,452)
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b>				
Current	13	71,360	175,322	8,934
Deferred		-	(9,556,800)	522,300
		<b>71,360</b>	(9,381,478)	531,234
<b>NET LOSS</b>		<b>(992,120)</b>	(24,573,027)	(28,435,686)
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Item that will not be reclassified to profit or loss</i>	8	<b>(992,120)</b>	(24,573,027)	(28,435,686)
Unrealized valuation gain on investment in a club share		400,000	200,000	-
<i>Item that will be reclassified to profit or loss</i>				
Unrealized valuation gain on investment in a club share		-	-	60,000
<b>TOTAL COMPREHENSIVE LOSS</b>		<b>P592,120</b>	(P24,373,027)	(P28,375,686)
	16	<b>(P0.004)</b>	(P0.037)	(P0.043)

See accompanying Notes to Financial Statements.

**PRIME MEDIA HOLDINGS, INC.**

(A Subsidiary of RYM Business Management Corp.)

**Statements of Changes in Equity**

		December 31		
	Note	2019	2018	2017
<b>CAPITAL STOCK</b>				
Common stock - P1 par value	11			
Balance at beginning and end of year		<b>P700,298,616</b>	P700,298,616	P700,298,616
Preferred stock - P1 par value		-	-	1,741,000
Balance at beginning and end of year		<b>14,366,260</b>	14,366,260	14,366,260
		<b>714,664,876</b>	714,664,876	714,664,876
<b>ADDITIONAL PAID-IN CAPITAL</b>				
Balance at beginning of year		-	2,114,921,869	2,114,921,869
Effect of equity restructuring	11	-	2,114,921,869	-
Balance at end of year		-	-	2,114,921,869
<b>DEFICIT</b>				
Balance at beginning of year		<b>(855,687,568)</b>	(2,943,798,478)	(2,915,362,792)
Net loss		<b>(992,120)</b>	(24,573,027)	(28,435,686)
Effect of equity restructuring	11	-	2,114,921,869	-
Effect of initial application of PFRS 9	5	-	(2,237,932)	-
Balance at end of year		<b>(856,679,688)</b>	(855,687,568)	(2,943,798,478)
<b>OTHER COMPREHENSIVE INCOME</b>				
Balance at beginning of year	8	300,000	100,000	40,000
Unrealized valuation gain on investment in a club share		400,000	200,000	60,000
Balance at end of year		<b>700,000</b>	300,000	100,000
		<b>(P141,314,812)</b>	(P140,722,692)	(P114,111,733)

See accompanying Notes to Financial Statements.



**PRIME MEDIA HOLDINGS, INC.**

(A Subsidiary of RYM Business Management Corp.)

**Statements of Cash Flows**

		<b>December 31</b>		
	Note	2019	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before income tax		<b>₱920,760</b>	₱33,954,505	₱27,904,452
Adjustments for:				
Interest income	4	<b>(2,609,349)</b>	(446,732)	(13,474)
Depreciation	9	<b>343,435</b>	334,372	96,010
Loss on sale of investment properties	7	-	24,896,294	-
Gain on fair value changes of investment properties	7	-	-	(1,741,000)
Operating loss before working capital changes		<b>(3,186,674)</b>	(9,170,571)	(29,562,916)
Decrease (increase) in:				
Receivables		<b>(257,956)</b>	(27,180,444)	2,062,335
Due from related parties		<b>(229,372)</b>	4,480,000	27,580,000
Other current assets		<b>(183,310)</b>	(3,674,429)	600,546
Increase (decrease) in accrued expenses and other current liabilities		<b>8,178,200</b>	(19,648,565)	(89,237)
Net cash generated from (used for) operations		<b>4,320,888</b>	(55,194,009)	590,728
Interest received		<b>99,182</b>	446,732	13,474
Income tax paid		-	(175,322)	(8,934)
Net cash provided by (used in) operating activities		<b>4,420,070</b>	(54,922,599)	595,268
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Proceeds from sale of investment properties	7	-	44,979,706	-
Acquisition of equipment		-	(54,375)	(1,577,000)
Net cash provided by (used in) investing activities		-	44,925,331	(1,577,000)
<b>CASH FLOW FROM A FINANCING ACTIVITY</b>				
Increase in due to a related party		-	13,880,000	-
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>4,420,070</b>	3,882,732	(981,732)
<b>CASH AT BEGINNING OF YEAR</b>		<b>5,602,963</b>	1,720,231	2,701,963
<b>CASH AT END OF YEAR</b>		<b>(₱10,023,033)</b>	(₱5,602,963)	(₱1,720,231)

See accompanying Notes to Financial Statements.