



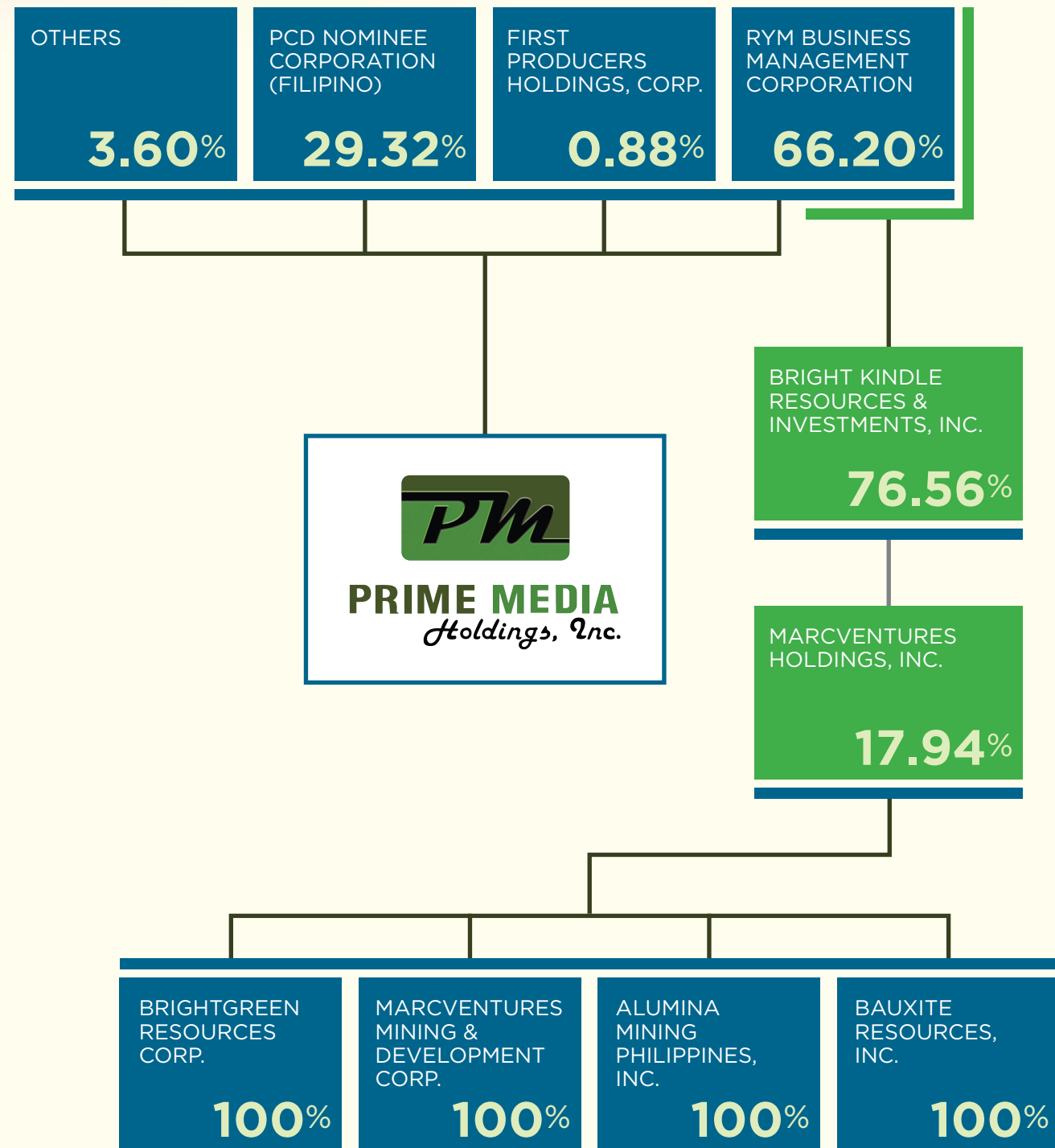
PRIME MEDIA
Holdings, Inc.



2020
ANNUAL
REPORT

CONGLOMERATE MAP

as of December 31, 2020



REPORT OF THE CHAIRMAN AND PRESIDENT

It is no secret that since the current management took over in 2013, we have been relentless in our efforts to revitalize Prime Media Holdings, Inc. (PMHI). While 2020 did us absolutely no favors as the year presented unique and more difficult challenges, the company did not falter and continued to pursue its ultimate goal of revival and relevance. As a result, in early 2021 we were able to introduce potential new business by entering into a Memorandum of Understanding (MOU) with New Era Empire Realty Corp. for possible ventures in real estate leasing, tourism, and entertainment. Shortly thereafter, more business was ushered in by the closing of another Memorandum of Agreement with Philippine Collective Media Corporation; marking PMHI's entry into the broadcast communications sector.


Thus, while PMHI may have been quiet for the past years, recent developments have laid the ground work for a very promising future.

It is therefore, not surprising that despite the economic downturn brought about by the COVID-19 pandemic, PMHI's performance in the market has been nothing short of admirable. A clear indicator of the public's confidence in the Company's financial viability.

As we move forward, we continue to target several significant projects and we remain cautiously optimistic that the business community will soon recognize the Company's presence as it completes its investment and operational plans.

2020 did us absolutely no favors as the year presented unique and more difficult challenges, the company did not falter and continued to pursue its ultimate goal of revival and relevance.




Atty. Manolito A. Manalo
 Chairman and President

2020 OPERATIONAL AND FINANCIAL HIGHLIGHTS

Result of Operations

	Audited		Increase (Decrease)	
	2020	2019	Amount	%
Income	2,665,187	3,577,349	(912,162)	-25.50%
Net Income (Loss)	(2,976,624)	(992,120)	(1,984,504)	200.03%
Comprehensive Income	(2,876,624)	(592,120)	(2,284,504)	385.82%

The Company's service vehicle lease agreement with MMDC expired in October 2019, which led to the Php0.91 million income decline. The increase in expenses pushed the net loss and comprehensive income to Php1.98 million and Php2.28 million, respectively. The Php1.41 million increase in professional fees, was primarily utilized for legal fees.

Financial Position

	Audited		Increase (Decrease)	
	2020	2019	Amount	%
Asset	54,865,900	54,166,468	699,432	1.29%
Liabilities	199,057,336	195,481,280	3,576,056	1.83%
Capital Deficiency	(144,191,436)	(141,314,812)	699,432	1.29%

The Company's total assets of Php54.87 million increased by Php0.70 million as compared to the same period last year. Accrual of interest income from outstanding loans receivables from MMDC, an affiliated company, amounting to Php2.60 million during the year, resulted to the increase in receivables by Php2.61 million. The loan agreement bears an interest of 10% per annum. The significant increase in payments of the Company's general and administrative expenses offset the increase in receivables. The cash receipts of Php10.80 million from Bulaong Enterprises, Inc. pursuant to the compromise agreement for a legal case, led to the increase in Liabilities. This represents partial payment of the Php17.0 million settlement fee (exclusive of Php1.62 million interest), as indicated in the agreement. As 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, collections were accounted for as liability. The Company incurred a net loss of Php2.98 million and recognized Php0.10 million gain on fair value changes on its investment in a club share, which net movement resulted to the increase in capital deficiency.

BOARD OF DIRECTORS

ATTY. MANOLITO A. MANALO
Chairman & President

ANTONIO L. TIU
Director

JOHNNY Y. ARUEGO JR.
Independent Director

BERNADETH A. LIM
Vice President/Director

ROLANDO S. SANTOS
Director/Treasurer

FRANCISCO L. LAYUG III
Independent Director

JUAN VICTOR S. VALDEZ
Director

EXECUTIVE OFFICERS

ATTY. MAILA LOURDES G. DE CASTRO
Corporate Secretary

CHRISTOPHER SAM S. SALVADOR
Co-Corporate Information Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN 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 P179.00 million, of which P70.00 million was received in April 2013 and the balance of P109.00 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 facilitate 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 BDO & PDIC. Thus, the company has continued to incur losses resulting to a capital deficiency of P144.19 million and P141.31 million as at December 31, 2020 and 2019, respectively. The Stockholders, however, have continued to provide the necessary financial support to sustain company operations. The stockholders converted their preferred stock of P48.60 million into common stock in 2016 and converted their advances of P600.50 million to additional capital in 2014 and infused capital aggregate P119.00 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 2020 and 2019 are as follows:

Statement of Financial Position

	Audited		Increase (Decrease)	
	2020	2019	Amount	%
	<i>(in Php Millions)</i>			
Assets	P54.87	P54.17	P0.70	1.29%
Liabilities	199.06	195.48	3.58	1.83%
Stockholders' Equity	(144.19)	(141.31)	(2.88)	2.04%

The Company's total Assets of P54.87 million surged by P0.70 million or 1.29% compared with the same period last year. The movement in total Assets is attributable to the following:

- Cash balance of P8.23 million is lower by P1.80 million compared with the same period last year. The significant decrease is mainly attributable to payments of the Company's general and administrative expenses.
- Accrual of interest income from an outstanding loans receivable from MMDC, an affiliated company, amounting to P2.60 million during the year, resulted to the increase in receivables by P2.61 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 P0.10 million during the year.
- Decrease in equipment of P0.33 million is attributed to the depreciation recognized for the year. No addition and/or disposal was made during the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Cash receipts during the year totaling ₱10.80 million from Bulaong Enterprises, Inc. pursuant to the compromise agreement for 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. As 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, collections were accounted for as liability.

Capital deficiency is higher by ₱2.88 million compared with same period last year. The Company incurred a net loss of ₱2.98 million and recognized ₱0.10 million gain on fair value changes on its investment in a club share, which net movement resulted to the increase in capital deficiency.

Results of Operations

	Audited		Increase (Decrease)	
	2020	2019	Amount	%
	<i>(in PhP Millions)</i>			
Income	₱2.67	₱3.58	(₱0.91)	(25.50%)
Expenses	5.59	4.50	1.09	24.25%

The Company's operating results reflected a net loss of ₱2.98 million and ₱0.99 million in 2020 and 2019, respectively. Comparing with the same period last year, there is a huge jump of ₱1.99 million or 200.03%. The significant changes were mainly due to the following:

- The Company's lease agreement with MMDC, for the lease of the transportation equipment, had been expired last October 2019, which resulted to the decline in rental income by ₱0.91 million.
- Professional fee decreased by ₱1.41 million or equivalent to 70.22%, primarily due to increase in payments of legal fees.
- Taxes and licenses for the year amounting to ₱0.10 million is lower by ₱0.33 million compared with same period last year.
- Lower insurance expense for the year by ₱0.28 million or 38.51% compared with same period of last year.
- Increase in Outside services by ₱0.44 million is due to the postponement of the publication of Annual Stockholder's Meeting.

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	%
	<i>(in PhP Millions)</i>			
Assets	₱54.17	₱46.58	₱7.59	16.29%
Liabilities	195.48	187.30	8.18	4.37%
Stockholders' Equity	(141.31)	(140.70)	(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. pursuant to the compromise agreement for a legal case, which as at December 31, 2019, totaled ₱8.20 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 ₱2.60 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 ₱0.40 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 ₱8.20 million from Bulaong Enterprises, Inc. pursuant to the compromise agreement for a legal case, resulted to the increase in Liabilities. This represents partial settlement out of the ₱17.00 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 ₱0.40 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	%
	<i>(in PhP Millions)</i>			
Income	₱3.58	₱1.82	₱1.76	96.58%
Expenses	4.50	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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

- 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 ₱24.90 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)	
	2018	2017	Amount	%
	<i>(in PhP Millions)</i>			
Assets	₱46.58	₱88.52	(41.94)	(47.38%)
Liabilities	187.30	202.63	(15.33)	(7.56%)
Stockholders' Equity	(140.70)	(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 ₱20.00 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)	
	2018	2017	Amount	%
	<i>(in PhP Millions)</i>			
Income	₱1.82	₱2.20	(0.38)	(17.27%)
Expenses	35.77	30.11	(5.66)	18.80%

Operating results reflected a net loss of ₱24.57 million in 2018, or equivalent to 13.58% lower 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 ₱24.90 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 ₱0.99 million higher, due to the increase in payment of Documentary stamp tax and Real property taxes for the current year.
- Representation expenses increased by ₱0.90 million that is due to payment of representation fees to legal counsels on pending cases involving the company.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

- 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.

Performance Indicators

Key Performance Indicators (KPI's)

Comparative figures of the key performance indicators (KPI) for the fiscal years ended December 31, 2020 and December 31, 2019:

	2020	2019
Net Loss	(P2,976,624)	(P992,120)
Current assets	53,283,137	52,351,710
Total assets	54,865,900	54,166,468
Current liabilities	199,057,336	195,481,280
Total liabilities	199,057,336	195,481,280
Stockholders' Equity	(144,191,436)	(141,314,812)
No. of common shares outstanding	700,298,616	700,298,616

	2020	2019
Current ratio ¹	0.27	0.27
Book value per share ²	(0.21)	(0.20)
Debt ratio ³	(1.38)	(1.38)
Profit (loss) per share ⁴	(0.004)	(0.001)
Return on assets ⁵	(0.05)	(0.02)

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

STATEMENTS OF FINANCIAL POSITION

	Note	2020	2019
ASSETS			
Current Assets			
Cash	4	₱8,233,104	₱10,023,033
Receivables	5	32,773,567	30,164,567
Due from related parties	14	7,773,628	8,169,372
Other current assets	6	4,502,838	3,994,738
Total Current Assets		53,283,137	52,351,710
Noncurrent Assets			
Investment in a club share	8	1,000,000	900,000
Equipment	9	582,763	914,758
Total Noncurrent Assets		1,582,763	1,814,758
		₱54,865,900	₱54,166,468
LIABILITIES AND CAPITAL DEFICIENCY			
Current Liabilities			
Accrued expenses and other current liabilities	10	₱185,177,336	₱181,601,280
Due to a related party	14	13,880,000	13,880,000
Total Current Liabilities		199,057,336	195,481,280
Capital Deficiency			
Capital stock	11	714,664,876	714,664,876
Deficit		(859,656,312)	(856,679,688)
Other comprehensive income	8	800,000	700,000
Total Capital Deficiency		(144,191,436)	(141,314,812)
		₱54,865,900	₱54,166,468

See accompanying Notes to Financial Statements.

STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	2020	2019	2018
INCOME				
Interest income	4	₱2,615,187	₱2,609,349	₱46,732
Recovery of accounts written-off	5	50,000	140,000	247,202
Rent	12	-	828,000	1,125,857
		2,665,187	3,577,349	1,819,791
EXPENSES AND OTHER CHARGES				
Professional fees		3,426,238	2,012,822	2,595,114
Outside services		1,038,872	603,544	1,456,005
Insurance		445,910	725,214	27,120
Depreciation	9	331,995	343,435	334,372
Taxes and licenses		100,704	429,940	1,453,072
Association dues		74,407	70,319	2,553,793
Directors' fee		55,000	45,000	60,000
Transportation and travel		3,519	66,635	76,593
Rent	12	-	-	125,488
Representation		-	1,500	912,087
Loss on sale of investment properties	7	-	-	24,896,294
Others		112,166	199,700	1,284,358
		5,588,811	4,498,109	35,774,296
LOSS BEFORE INCOME TAX				
		(2,923,624)	(920,760)	(33,954,505)
PROVISION FOR (BENEFIT FROM) INCOME TAX				
	13			
Current		53,000	71,360	175,322
Deferred		-	-	(9,556,800)
		53,000	71,360	(9,381,478)
NET LOSS				
		(2,976,624)	(992,120)	(24,573,027)
OTHER COMPREHENSIVE INCOME				
	8			
<i>Item that will not be reclassified to profit or loss</i>				
Unrealized valuation gain on investment in a club share		100,000	400,000	200,000
TOTAL COMPREHENSIVE LOSS				
		(₱2,876,624)	(₱592,120)	(₱24,373,027)
Basic Loss Per Share				
	16	(₱0.007)	(₱0.004)	(₱0.037)

See accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	2020	2019	2018
CAPITAL STOCK				
	11			
Common stock - ₱1 par value				
Balance at beginning and end of year		₱700,298,616	₱700,298,616	₱700,298,616
Preferred stock - ₱1 par value				
Balance at beginning and end of year		14,366,260	14,366,260	14,366,260
		714,664,876	714,664,876	714,664,876
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of year		-	-	2,114,921,869
Effect of equity restructuring	11	-	-	(2,114,921,869)
Balance at end of year		-	-	-
DEFICIT				
Balance at beginning of year		(856,679,688)	(856,687,568)	(2,943,798,478)
Net loss		(2,976,624)	(992,120)	(24,573,027)
Effect of equity restructuring	11	-	-	2,114,921,869
Effect of initial application of Philippine Financial Reporting Standards 9, <i>Financial Instruments</i>		-	-	(2,237,932)
Balance at end of year		(859,656,312)	(856,679,688)	(855,687,568)
OTHER COMPREHENSIVE INCOME				
	8			
Balance at beginning of year		700,000	300,000	100,000
Unrealized valuation gain on investment in a club share		100,000	400,000	200,000
Balance at end of year		800,000	700,000	300,000
		(₱144,191,436)	(₱141,314,812)	(₱140,722,692)

See accompanying Notes to Financial Statements.

STATEMENTS OF CASH FLOWS

Years Ended December 31

	Note	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		(P2,923,624)	(P920,760)	(P33,954,505)
Adjustments for:				
Interest income	4	(2,615,187)	(2,609,349)	(446,732)
Depreciation	9	331,995	343,435	334,372
Recovery of accounts written-off	5	(50,000)	(140,000)	(247,202)
Loss on sale of investment properties	7	-	-	24,896,294
Operating loss before working capital changes		(5,256,816)	(3,326,674)	(9,417,773)
Decrease (increase) in:				
Receivables		41,000	(117,956)	(26,933,242)
Due from related parties		395,744	(229,372)	4,480,000
Other current assets		(561,100)	(183,310)	(3,674,429)
Increase (decrease) in accrued expenses and other current liabilities		3,576,056	8,178,200	(19,648,565)
Net cash generated from (used for) operations		(1,805,116)	4,320,888	(55,194,009)
Interest received		15,187	99,182	446,732
Income tax paid		-	-	(175,322)
Net cash provided by (used in) operating activities		(1,789,929)	4,420,070	(54,922,599)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investment properties	7	-	-	44,979,706
Acquisition of equipment		-	-	(54,375)
Net cash provided by investing activities		-	-	44,925,331
CASH FLOW FROM A FINANCING ACTIVITY				
Increase in due to a related party		-	-	13,880,000
NET INCREASE (DECREASE) IN CASH		(1,789,929)	4,420,070	3,882,732
CASH AT BEGINNING OF YEAR		10,023,033	5,602,963	1,720,231
CASH AT END OF YEAR		P8,233,104	P10,023,033	P5,602,963

See accompanying Notes to Financial Statements.



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