COVER SHEET

5213
S.E.C. Registration Number

GMA NETWORK INC.

(Company's Full Name)

GMA NETWORK CENTER
EDSA CORNER TIMOG AVE.
DILIMAN QUEZON CITY

Roberto Rafael V. Lucila
Contact Person

816-3716

Month	*Day*	17-A	*Month*	*Day*
Fiscal Year		FORM TYPE	*Annual Meetings*	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

OF

GMA NETWORK, INC.

1. For the fiscal year ended: **December 31, 2016**
2. SEC Identification Number: **5213** 3. BIR Tax Identification No. 000-917-916-000
4. Exact name of issuer as specified in its charter: **GMA NETWORK, INC.**
5. **PHILIPPINES**
   Province, Country or other jurisdiction of Incorporation or organization

6. ______ (SEC Use Only)
   Industry Classification Code:

7. **GMA NETWORK CENTER, EDSA CORNER TIMOG AVENUE, DILIMAN, QUEZON CITY**
   Address of principal office Postal Code

8. **(632) 982 7777**
   Issuer's telephone number, including area code

9. **NOT APPLICABLE**
   Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Stock	**3,361,047,000**
Preferred Stock	**7,499,507,184**

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

    Yes [√] No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed herein:

    PHILIPPINE STOCK EXCHANGE / COMMON STOCK

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (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 ninety (90) days.

Yes [√] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates of the registrant

State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in “Annex B”).

Total Market Value = P31.5 billion (as of March 31, 2017)
Aggregate Market Value of Publicly-Owned Voting Stock = P5.2 billion (as of March 31, 2017)

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

NOT APPLICABLE

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

GMA Network, Inc. is a free-to-air broadcasting company principally engaged in television and radio broadcasting, the production of programs for domestic and international audiences, and other related businesses. The Company derives the majority of its revenues from advertising related to television broadcasting.

GMA Network has 47 VHF and 41 UHF TV stations throughout the Philippines with its signal reaching approximately 98% of the country's total TV households (Source: 2016 Nielsen Television Establishment Survey; Claimed reception among TV homes).

In 2016, GMA Network, Inc. regained leadership in National Urban TV ratings and maintained its advantage in the viewer-rich areas of Urban Luzon and Mega Manila. The Company posted increases in its gross revenues and net income for 2016 versus 2015.

GMA Network's international operations continued to expand during the year. The Company's international syndication and distribution business likewise grew in 2016.

GMA SUBSIDIARIES, JOINT VENTURE AND AFFILIATES

The Company's subsidiaries and affiliates are involved in media-related services such as movie making, sets and props construction, film syndication, music and video recording, new media, online gaming, post production services, and marketing, which complement the Company's core television and radio broadcasting business.

The following table shows the Company's holdings in its principal subsidiaries, joint ventures and affiliates as of December 31, 2016:

COMPANY	OWNERSHIP	PRINCIPAL ACTIVITIES
Subsidiaries		
GMA New Media, Inc. (NMI)	100%	Converging Technology
Citynet Network Marketing and Productions, Inc.	100%	Television entertainment production
GMA Network Films, Inc.	100%	Film production
GMA Worldwide (Philippines), Inc.	100%	International marketing, handling foreign program acquisitions and international syndication of the Parent Company's programs

RGMA Marketing and Productions, Inc. (GMA Records)	100%	Music recording, publishing and video distribution
Scenarios, Inc.****	100%	Design, construction, maintenance and storage of sets for TV, stage plays and concerts; transportation services
Script2010, Inc. (Script2010)*	100%	Design, construction and maintenance of sets for TV, stage plays and concerts; transportation and manpower services
Alta Productions Group, Inc.	100%	Pre- and post-production services
GMA Marketing & Productions, Inc.**** (GMPI)	100%	Exclusive marketing and sales arm of GMA's airtime; events management; sales implementation; traffic services and monitoring
Mediamerge Corporation**	100%	Business development and operations for the Company's online publishing/advertising initiatives
Digify, Inc. (Digify)**	100%	Crafting, planning and handling advertising and other forms of promotion including multi-media productions
Joint Ventures		
INQ7 Interactive, Inc.****	50%	Internet publishing
Philippine Entertainment Portal, Inc. (PEP)**	50%	Internet publishing
Affiliates		
Mont-Aire Realty and Development Corp.***	49%	Real estate
RGMA Network, Inc.	49%	Radio broadcasting and management

Notes:

** Indirectly owned through Citynet Network Marketing and Productions, Inc.*

*** Indirectly owned through GMA New Media, Inc.*

**** 49% owned by GMA Network, Inc.*

***** Not operational*

PUBLICLY ANNOUNCED NEW PRODUCT OR SERVICE

The Company had no new publicly-announced product or service during the fiscal year covered by this report.

COMPETITION

The Company currently competes for audiences and advertising revenues directly with other broadcast stations, radio stations, newspapers, magazines, cable television, and outdoor advertising within their respective markets.

The following table presents major broadcasting networks in the country:

Network	Description		2016 Ratings & Audience Share (Total day; 6AM-12MN)		
			Mega Manila	Urban Luzon	Urban National
GMA		Household Ratings	15.3	14.4	12.8
		Audience Share	43.2	41.1	36.3
ABS-CBN	Radio and TV broadcasting network and multimedia company. Founded in 1953, and is the first television station in the Philippines.	Household Ratings	10.0	11.0	12.7
		Audience Share	28.3	31.5	36.2
GNTV	GMA Network's sister channel. It is programmed by GMA.	Household Ratings	2.3	1.9	1.6

	GMANEWS TV (GNTV) was launched on February 28, 2011.	Audience Share	6.4	5.5	4.7
TV5	Third-oldest TV network in the country, with main broadcast facilities in Novaliches, Quezon City. On March 2, 2010, Mediaquest acquired 100 percent ownership of the Associated Broadcasting Company and Primedia Inc., the broadcasting firm's major block airtimer	Household Ratings	2.6	2.4	2.7
		Audience Share	7.3	6.9	7.8
SOLAR TV / ETC (RPN) / Solar News (RPN) / CNN Philippines *	Radio Philippines Network (RPN 9) is a Philippine VHF television network of the Government Communications Group. On November 29, 2009, the	Household Ratings	0.2	0.2	0.2

	network re-branded again under the new name Solar TV on RPN.				
	*Solar TV went off air on February 26, 2011 and was re-launched as ETC (RPN) on March 2, 2011. It was re-launched anew as Solar News (RPN) on November 30, 2013, then was replaced by 9TV (RPN) starting Aug. 23, 2014. On March 16, 2015, 9TV (RPN) was re-launched as CNN PHILIPPINES.	Audience Share	0.5	0.5	0.6
Studio 23 / ABS-CBN Sports + Action **	Sister network to the main ABS-CBN Broadcasting Corporation, airing programming aimed towards	Household Ratings	1.0	1.1	1.2

	young adults, such as North American imports and other English language programming.				
	**Studio 23 was re-launched as ABS-CBN Sports + Action on January 18, 2014.	Audience Share	2.8	3.1	3.5
National Broadcasting Network / PTV	Official government TV, formerly called Maharlika Broadcasting System, Inc. and later the People's Television Network, Inc. (PTV).	Household Ratings	0.2	0.2	0.2
		Audience Share	0.6	0.5	0.5
Intercontinental Broadcasting Corporation (IBC 13)	IBC-13 is a VHF TV station of the Government Communications Group launched in 1975 by Roberto Benedicto.	Household Ratings	0.1	0.1	0.1
		Audience Share	0.2	0.2	0.2

Southern Broadcasting Network Solar News Channel / TALK TV (SBN) / ETC (SBN) ***	On January 1, 2008, Solar Entertainment Corporation's entertainment channel ETC aired on this station.	Household Ratings	0.1	0.1	0.1
	***SBN was launched as Talk TV (SBN) on March 3, 2011 and was later replaced by Solar News Channel on October 30, 2012. This channel was re-launched anew as ETC (SBN) on November 30, 2013.	Audience Share	0.2	0.2	0.2
2nd Ave. (RJTV)	RJTV is a UHF free to air television channel owned and operated by Rajah Broadcasting Network, Inc. owned by Ramon "RJ"	Household Ratings	0.0	0.0	0.0
		Audience Share	0.1	0.1	0.1

	Jacinto. Solar is also programming 2nd Ave.				

NOTE: Ratings data are based on the Nielsen Television Audience Measurement (TAM) Arianna.

RELATIVE SIZE AND FINANCIAL AND MARKET STRENGTH OF COMPETITORS

The Company considers ABS-CBN as its longest and prime competitor, followed by TV5. ABS-CBN is the largest broadcasting company in the Philippines in terms of product and service range and financial asset base. Its broadcasting operations contribute close to 50% of its total revenue generated, followed by its cable and satellite businesses with a share of about 35%. Its other businesses, which comprise movie production, new media ventures, publishing and other consumer products and services, make up about 15% of total sales. In comparison, GMA is the second largest and is the oldest broadcasting company in the region and derives more than 90% of its business from broadcasting. The Company's international operations provides about 8% of revenues while other businesses which include film production, new media services, and other services contribute less than 2% of total sales.

In more recent years, a third major player came into the picture in TV 5 which was formerly known as ABC 5. It was re-launched in 2008 as TV 5 after reaching a partnership with MPB Primedia, Inc. (MPB), a local company backed by Media Prima Berhad of Malaysia – with MPB producing and sourcing most of the entertainments programs of the channel. On October 20, 2009, Media Prima divested its share in TV5, selling it to Mediaquest Holdings Inc., the broadcasting division owned by the Beneficial Trust Fund of the Philippine Long Distance Telephone Company (PLDT). In the first half of 2010, along with dramatic changes in programming, TV 5 branded itself as the "Kapatid" network parallel to ABS-CBN's "Kapamilya" and GMA's "Kapuso" brands.

GMA effectively competes with these two main competitors and the rest of the industry players by enriching the lives of the Filipinos everywhere with superior Entertainment and the responsible delivery of News and Information. The Company prides itself in launching the first ever free-to-air news channel with the launch of GMA News TV under Channel 11 in the first quarter of 2011. The Company has likewise proven its competitiveness by grabbing the number one spot in nationwide TV ratings since early 2010, posting its biggest lead over competition in 2011 and maintaining the lead in 2012. Since then, GMA has been very competitive and in 2015, the Company again came out ahead in nationwide viewership thus providing the much needed leverage to generate advertising revenues. Financial-wise, the Company leads both competitors in most key financial indicators, from gross profit margins, net income margins, to debt-equity ratios, with GMA remaining debt free for the past couple of years.

INTERNATIONAL DISTRIBUTION

The Company's television programs are distributed outside the Philippines in two ways. One is through its subscription-based international linear channels – GMA Pinoy TV, GMA Life TV, and GMA News TV International, as well as non-linear content distribution through Video On Demand (VOD) service - which are all distributed in multiple platforms that include DTH, cable, IPTV and OTT/mobile across various territories in North America, ASPAC, MENA and Europe. The other is through GMA Worldwide (Philippines), Inc. (GWI), a wholly-owned subsidiary of the Company. GWI distributes GMA's locally produced programs on all platforms through worldwide syndication sales to broadcasters/companies in China, Southeast Asia, Africa, and Europe.

GMA PINOY TV

Launched in 2005, GMA Pinoy TV delivers to an international audience the Company's most popular news and public affairs and general entertainment programs. The Company operates GMA Pinoy TV through which it offers subscription-based programs internationally.

GMA Pinoy TV aims to establish global exposure and presence for the Network that will bring the company's programs to Filipino communities around the world. In North America, GMA Pinoy TV is available across all 50 states of the United States and Canada, while in the Middle East, it can be accessed in 17 countries such as the Kingdom of Saudi Arabia, United Arab Emirates, Qatar, Bahrain, and Kuwait.

The Company's flagship international channel has also established its presence in 12 countries in North Africa and 16 countries in Europe – among them are the UK, France, Germany, and Italy. In Asia Pacific, GMA Pinoy TV can be enjoyed in Japan, Guam, Saipan, Hong Kong, Singapore, Papua New Guinea, Australia, New Zealand, the British Indian Territory of Diego Garcia, Madagascar, Malaysia, Palau, and Haiti.

Under the carriage and licensing agreements with international payTV operators, the Company generally receives a portion of the subscription fees and is also allocated a certain number of advertising minutes through which the Company may sell advertising spots, which it does, through GMA Sales and Marketing Group (SMG).

As of December 2016, GMA Pinoy TV's viewership increased by 17% from 2015. GMA's viewership base continues its steady growth despite the business challenges brought by overall industry and marketplace factors.

GMA LIFE TV

GMA Life TV, GMA Network's second international channel, was launched three years after the success of GMA Pinoy TV. More than just offering mainstream entertainment, GMA Life TV engages more viewers with its exciting line-up of heart-warming and innovative programs that feature the Filipinos' lifestyle and interests.

GMA Life TV is available in the United States, Canada, Middle East, North Africa, Europe, and Asia Pacific, particularly in Australia, New Zealand, Hong Kong, Singapore, Japan, Papua New Guinea, Madagascar, Palau, Guam and Saipan. As of December 2016, GMA Life TV's viewership increased by 37% from 2015.

GMA NEWS TV INTERNATIONAL

In September 2011, GMA Network began distributing GMA News TV International in order to provide overseas Filipinos with the latest, most comprehensive, and most credible news coverage from the Philippines. It offers internationally acclaimed and award-winning news and public affairs programs with 7 to 8 hours of original content daily.

GMA News TV International is now available in the United States, Canada, Middle East, North Africa, Europe, and Asia Pacific, particularly in Australia, New Zealand, Hong Kong, Singapore, Japan, Malaysia, Madagascar, Palau, Guam and Saipan. As of December 2016, GMA News TV International's viewership increased by 92% from 2015.

CONVERGING TECHNOLOGY

GMA New Media, Inc. is GMA Network's digital media and technology arm in charge of R&D, Software Design & Development, Systems Integration and Quality Assurance. Since its inception in July 2000, it has launched category-breaking projects in web, mobile, digital television and other new and emerging platforms.

GMA NMI AS GAMECHANGER

Back in the days when traditional and new media had clear boundaries, GMA NMI had the audacity to blur the borders. It was the first to enable mobile and TV to talk to each other, ushering in the era SMS-TV.

Sixteen years later, NMI continues to be at the top of its game.

As GMA Network's innovation center and de facto future-proofing agent, GMA NMI spearheads the design and implementation of the media giant's grand digital blueprint aimed to ensure the company's leadership in the digital era.

WEB

Online Publishing

In its early years, NMI launched GMA's official entertainment website, iGMA.tv, and its official news website, GMANews.tv. Both websites have won local and international acclaim as well as loyal patronage among Filipinos here and abroad.

NMI launched www.GMANetwork.com in late 2011 to consolidate all of GMA's web properties into a single portal. The GMA portal won in the Digital Filipino Web Awards in 2014 for the Television category, an indication that the move was a master stroke in establishing the Network's dominant presence online. In 2016, GMANetwork.com breached the two-billion mark in pageviews at it generated 2.01 billion in total, up by 10% from 2015's 1.87 billion pageviews.

2015 was a milestone year for GMA News Online (GNO) as it breached the one billion pageviews mark. From 1.14 billion in 2015, GNO increased its pageviews to 1.3 billion in 2016, up by 17%. Synergies from the Social Media team and the editorial team to enhance overall user experience, as well as NMI's non-stop back-end upgrades, helped sustain improvements in web metrics.

NMI entered into a joint venture with Summit Media and launched PEP.ph, the leading showbiz news portal in the Philippines. It also launched SPIN.ph or Sports Interactive Network, currently the No. 1 sports website based on recent data from Effective Measure. NMI provides the technology back-end of said sites. The joint venture is a way for GMA to capture a bigger slice of the online audience share by targeting readers who are keen on sports and entertainment.

MOBILE

NMI pioneered interactive TV in the Philippines with the launch of SMS-TV services in "*Debate*" and Startalk, and Eat Bulaga's Cool Dudes segment. This laid the foundation for succeeding SMS-TV initiatives that carried NMI through several years of growth and profit.

NMI also introduced SMS technology to Philippine broadcast TV and was the first to launch an interactive chat and gaming show called *Txtube*.

NMI launched *Fanatxt*, a mobile-based celebrity portal for Kapuso stars, considered as one of the most successful mobile VAS services ever launched locally.

NMI broke new ground with the launch of *Teledrama Text Saya*, the first ever mobile point of purchase promo for GMA's primetime shows done in partnership with GMPI.

NMI also developed the GMA News Online iOS and Android mobile apps that sport a new user interface to keep up with current design trends. The mobile apps allow people easy access to GMA content using their handheld devices. The GMA portal mobile app was also launched and was designed to be the perfect mobile companion to top-rating GMA shows.

CONVERGENT MEDIA

NMI works closely with GMA Marketing and Promotions, Incorporated (GMPI) in the launch of innovative convergent media campaigns such as *Win Mo Kapuso* and *Win Mo Pamasko*. The combination of TV plus new media has become a valuable strategic offering for clients in terms of ensuring the widest possible reach for both online and offline audiences.

YouScoop is NMI's joint initiative with GMA News and Public Affairs (NPA) that aims to promote citizen journalism and vigilance. YouScoop helps empower the people to provide information and news when and where it happens. Users can send information, photographs, videos and even audio recordings of newsworthy events wherever and whenever they may be through the app. A team of editors chooses items that will be featured in the YouScoop page on GMA News Online, while significant contributions that merit public broadcast are aired on any one of the GMA News and Public Affairs programs.

In collaboration with GMA NPA, NMI launched **IMReady**, a one-stop online portal for public safety information to aid in traffic and disaster awareness and preparedness. The project aims to provide the public with timely and relevant information to minimize risks and better prepare them during emergency situations. It also enables the public to plan their routes and itineraries. IMReady can be accessed on the Internet and can be downloaded as an app in both iOS and Android.

In view of making IMReady a cutting-edge application, NMI sealed an exclusive media partnership agreement with Google-owned Waze, a leading social GPS navigation system that provides crowd-sourced traffic information and real-time maps. Waze allows subscribers to share real-time traffic and road information that enables people to save time and gas money on their daily commute. By connecting drivers to one another, the app helps people create local driving communities that work together to improve the quality of everyone's daily driving.

BROADCAST

Election Coverage

NMI has maintained its track record of providing GMA News and Public Affairs with speedy and accurate delivery of elections results using the latest technologies for the Eleksyon 2013 coverage. NMI spearheaded the count operations in PPCRV by acquiring, extracting, and prioritizing data from the COMELEC before sending it to GMA for processing.

To achieve multi-screen pervasiveness, NMI provided the most comprehensive election count data across all platforms—from television to mobile and the Internet. The team deployed its *proprietary search engine* that enabled users of GMA News Online and its mobile app (in both Android and iOS) to retrieve election count data in the Search Results. While all the other websites and apps were incapable of integrating the count results in their search, NMI's proprietary search returned the most relevant results for all candidates during election time.

NMI serves the same function of ensuring fast and accurate delivery of elections results in the 2016 elections.

NMI launched the Eleksyon 2016 microsite in February. On top of the usual news content, the microsite also has a special section where visitors can get to know the candidates running for the top positions this year. The **Candidates Section**[1] contains the presidential and vice presidential aspirants' profiles, including their political history, controversies they are linked to, their respective Statements of Assets, Liabilities and Net Worth, and much more.

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[1] Click here to see page: http://www.gmanetwork.com/news/eleksyon2016/candidates

The microsite also features the **Campaign Tracker** section[2] where the candidates' daily schedules are plotted on a map with a short description of their itinerary. A link can also be included in the description window if GNO has a supporting story of the campaign. Another recent improvement of this section is the field for voting population and 2013 elections voter turnout.

NMI also added a special information section to the microsite that summarizes the **demographics of the country's registered voters.**[3] Information is presented based on gender, age, civil status and can be drilled down to the city level.

According to data from Effective Measure for worldwide audience for the period May 9 to 11, GMA News Online recorded 109,802,626 page views—the highest number of page views for three consecutive days, a feat that has never been achieved by any local site to date. GMA's online portal had almost 90 million page views over ABS-CBN News, which only managed 19,940,178.

GMA News Online delivered real-time election updates, including up-to-the-minute partial and unofficial results for all positions in the national and local elections up to the clustered precinct level, accessible in all platforms and devices.

Using a proprietary technology developed by GMA NMI, GNO also offered "Smart Search" that made it faster and easier for site visitors to find results by candidate, place or position. NMI powered GMA Network's **first ever 360-degree livestream of the PiliPinas Debates 2016**. For the first leg of the PiliPinas Debates 2016 held in Cagayan De Oro City on February 21, 2016, GMA News and Public Affairs and NMI teamed up to mount the first 360-degree livestream coverage of a live event in the Philippines, and one of the first worldwide.

The 360-degree livestream was available for near-real-time viewing on GMA News Online (www.gmanetwork.com/news) and later in GMA's YouTube channel, on-demand.
NMI's R&D unit developed the proprietary technology that allows any web user to pan the camera view around the venue. It utilizes a special single web camera that captures all angles simultaneously. Moreover, NMI's 360 technology allows simultaneous streams to multiple users and at bit-rates that are within practical web limits.

Digital TV

During the Internet Mobile Marketing Association of the Philippines (IMMAP) Digicon held on October 12, 2016, NMI unveiled a prototype of GMA's upcoming digital television product, an innovation that features both a receiver for digital television and a digital media set-top box.

A first in the country, the unique combination of a DTV and over-the-top (OTT) media delivery platform was demonstrated during the Digicon where NMI showed the digital transmission from

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[2] Click here to see page: http://www.gmanetwork.com/news/eleksyon2016/campaign_tracker

[3] Click here to see page: http://www.gmanetwork.com/news/eleksyon2016/voters_profile

GMA-7 and GMA News TV and how the device turned the television into a smart TV capable of playing on-demand content while simultaneously running chat applications and games such as "Angry Birds."

The development of the digital receiver is part of GMA's strategy to attract the elusive millennials as it enables the Network to provide them with content that they want, when they want it, and where they already are.

The Intellectual Property Office already issued a Certificate of Registration for the Utility Model application of the device.

NMI is set to also apply for a utility model patent in select international territories where it perceives the proprietary technology will hold promise in 2017.

NMI AS BUSINESS CENTER

NMI created two subsidiaries to fulfill its role as a business center.

The first is **MediaMerge, Incorporated**, the online publisher of GMA News Online. MediaMerge takes charge of online advertising sales.

MediaMerge capped off 2016 by posting a 74% growth in total online advertising sales, or PHP 137.8M compared to PHP 79.3M gained in the previous year. The sustained improvements in both online sales and web metrics manifested throughout the year were due in large part to the skillful execution of initiatives anchored on sound growth strategies that NMI set out for the year. These include optimizing the websites to make them more suitable for "programmatic buying"[4]; constant website enhancements paired with the effective use of social media; and efforts from the websites' respective editorial teams to make the browsing experience more intuitive, engaging, and convenient.

Designed to specialize in digital marketing, GMA NMI established **Digify, Incorporated**. Digify is a technocreative lab that specializes in sensor technologies such as augmented reality and beacon/proximity marketing, multimedia content production, and end-to-end software solutions for standalone digital and integrated marketing campaigns. Digify has launched a number of trailblazing projects that include award-winning apps for major clients and breakthrough solutions for clients in the technology industry.

[4] Programmatic buying is a booking mechanism that more efficiently facilitates the selling of online ad inventory between publishers and advertisers. It also provides advertisers and their agencies better control of campaign outcomes by enabling them to set parameters through Real Time Bidding. For more information on programmatic buying, refer to http://www.iab.net/programmatic

NMI AS GMA'S CONDUIT TO INDUSTRY PARTNERS

The Digital Age is marked by constant change and dynamism and favors those who can manage to be constantly ahead of competition. It is in this context that NMI perceives its mandate to ensure that GMA Network is always at the leading edge in the digital space.

GMA NMI manages relationships with major telecommunications companies in the Philippines and abroad, and with leading global brands such as Google, YouTube, Facebook, and Waze, to name some. It likewise serves as a conduit to advertising agencies and digital distribution partners meant to create new avenues for incremental revenue and expand the reach of GMA content, both in the local and international markets.

GMA NMI sealed partnerships with two of Southeast Asia's leading Internet TV service providers, iFlix and Hooq in Q2 2015 for a new video content distribution platform. The platform, called *Over-the-Top* (OTT), is an IP-based[5] format for content delivery. This new type of video-on-demand service enables users to enjoy online streaming access and an offline viewing option of TV shows and movies. This service optimizes GMA's existing library of content and allows Filipinos here and in the region to watch their well-loved GMA shows whenever they want, wherever they may be. With a growing subscriber base in the country from both Hooq and iFlix, the leverage on these digital platforms creates an opportunity to expand the base of GMA consumers online and create GMA brand loyalty both here and abroad.

Talks have been ongoing for more tie-ups with other OTT providers, set for launch in 2017.

MOVIE PRODUCTION

GMA Network Films, Inc. was established in August 1995 to produce movies that cater to both the local and international markets. Its movie productions have reaped both critical acclaim and commercial success.

MUSIC AND VIDEO RECORDING

RGMA Marketing and Productions, Inc. (GMA Records) was incorporated in September 1997 and became operational in 2004 after the Company decided to reactivate its musical recording business through the "GMA Records" label. Since resuming operations, GMA Records has leveraged the Company's talent and media resources, releasing music albums of various artists.

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[5] IP (or Internet Protocol) -based distribution of television content uses the internet rather than traditional terrestrial, satellite signal or cable television as a format for content delivery.

It also partnered with sister company GMA Films and other major film production outfits to release their films on DVD. Likewise, it has introduced the network's top-rating programs and blockbuster TV series into the home video market worldwide through GWI.

GMA Records works with GMA New Media and other local-based content providers and aggregators to take advantage of new revenue streams, particularly in the emerging market of digital music downloads. The company also secured non-exclusive mobile, web and kiosk-based deals with different content providers worldwide to continuously exploit the potentials of its music and video assets.

GMA Records publishes music and administers copyrights on behalf of composers. GMA Records is also actively pursuing publishing deals, building on its current catalog of original compositions. GMA Records serves as a clearing house and a source of music for the Company's television and film productions. It is also a member of FILSCAP, the Filipino Society of Composers, Authors and Publishers.

This 2017, GMA Records will venture into concert production. As a record label, it is much abreast with the live performance circuit and is knowledgeable of the current music scene. Venturing into concert production enables GMA Records to exploit album productions and to showcase the musical talents of GMA artists.

GMA Records also plans to produce musical content via video performances of its artists which will be made available online and will generate additional revenue for the company.

STAGE DESIGN

Script2010, Inc. was formally established in early 2010 as a subsidiary of Citynet Network Marketing and Productions, Inc. It engages in conceptual design and design execution through fabrication, construction, set-up and dismantling of sets, and creation of props. It also provides other related services such as live performances and events management, sales activation and promotion, and tradeshow exhibits.

Script2010, Inc. is also engaged in transportation, hauling and trucking services to further fulfill the needs of its clients. Other business units of **Script2010, Inc.** are band/audio equipment rental, and facility support services to various GMA departments.

POST PRODUCTION

Alta Productions Group, Inc. was established in 1988 as a production house primarily to provide production services for the Network. Until the late 1990s, it operated a satellite studio in Makati, producing award-winning News and Public Affairs Programs for GMA Channel 7.

Today, Alta Productions Group's core business is audio dubbing and mixing for broadcast. Its fully digital audio recording and mixing studios is in sync with the Network's production requirements and broadcast standards. Aside from dubbing foreign content into the local vernacular for airing on the Network, Alta Productions Group also dubs station-produced content into English for international consumption.

In addition, Alta Productions Group's shoot and video post-production department produces TVCs, broadcast content, and documentaries for both local and international clients. Its creative group also provides concept development, staging, and activation services for various clients' on-ground activities.

Alta Productions Group is proud to be one of the few production houses capable of servicing the complete spectrum of shoot and post-production requirements all under one roof. From conceptualization, creatives, shoot, post-production, all the way to execution.

DEPENDENCE UPON CUSTOMERS

The broadcasting business of the Company generates revenues mainly from the sale of regional and national advertising time to agencies/advertisers and other blocktime producers. No single customer accounts for twenty (20%) percent or more of the Company's total consolidated revenues. The top 30 agencies/advertisers comprise more than 70% of the Company's business. The Company is not critically dependent upon a single or few customers to provide and ensure sustainability of its operations and financial viability. Major existing contracts include airtime sales with regular agencies and advertisers such as Unilever Philippines, Inc., Nestle Philippines, Inc., P&G Distributing (Phils.) Inc., Alliance Global, Monde Group, Universal Robina Corporation/Robinsons Group, Colgate-Palmolive Philippines, Jollibee Foods Corporation, San Miguel Corporation, and Mondelez Philippines, Inc.

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES

Please refer to **Item 12** of the report (p.72-73).

FRANCHISE, LICENSES AND GOVERNMENT APPROVALS

The Company is a grantee of a congressional franchise to construct, install, operate and maintain for commercial purposes and in the public interest radio and television broadcasting stations in the Philippines. Its franchise was granted through Republic Act No. 7252 and has a term of twenty-five (25) years from the date of its approval or from March 20, 1992. House Bill No. 4631 (An Act Renewing for Another Twenty-Five (25) Years the Franchise Granted to Republic Broadcasting System, Inc., Presently Known As GMA Network, Inc., Amending For the Purpose Republic Act No, 7252 Entitled An Act Granting the Republic Broadcasting System Inc. A Franchise to Construct, Install, Operate and Maintain Radio and Television Broadcasting Stations in the Philippines) has been approved by both chambers of Congress and was transmitted to the Office of the President for signature on March 23, 2017.

The Company also operates and maintains various radio/TV stations nationwide under licenses/permits issued by the National Telecommunications Commission.

The Company has also applied for registration of its service marks (visible signs capable of distinguishing its services) with the Intellectual Property Office (IPO) and has complied with the provisions of Republic Act No. 8293 on the law on service marks for this purpose. A Certificate of Registration of Service Marks granted in favour of the Company remains in force for 20 years.

Similarly, the Company has applied for copyright registration with the IPO of its (a) published (b) unpublished works under Republic Act No. 8294 and Presidential Decree No. 49. A Certificate of Copyright Registration has a term of protection of Fifty (50) years from publication of the work.

The Company has also entered into several license agreements for its business of producing television programs aired over its local and international channels and producing television series based on a licensed property. The said license agreements are for periods between three to five years.

EFFECT OF GOVERNMENT REGULATIONS ON BUSINESS

The foregoing franchise, licenses or permits, service marks, copyright registration and government approvals were obtained by the Company in accordance with the requirements of applicable laws and rules of regulatory agencies.

The Company's compliance with the above-mentioned government regulations are indispensable to its businesses, which are primarily, radio and television broadcasting, recording, film production and other information and entertainment business.

AMOUNT SPENT ON DEVELOPMENT ACTIVITIES

In November 2016, the company approved the implementation of Phase I of the Digital Terrestrial Television Broadcast Project with specific budget for the operation/maintenance of the following facilities:

- Tandang Sora, Quezon City (15KW+15KW)
  Approved Budget: P212.72 million

- Antipolo, Rizal (15KW)
  Approved Budget: P120.82 million

- Mt. Banoy, Batangas (5KW)
  Approved Budget: P59.10 million

- Transmission Network Management & Test Equipment
  Approved Budget: P7.89 million

- DTT Head-End at GMA Network Center
  Approved Budget: P16.36 million

COSTS AND EFFECTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS

The Company complies with various environmental laws such as R.A 8749 (Philippine Clean Air Act of 1999), R.A 6969 (Toxic Substance and Hazardous Wastes) under DENR, R.A. 9275 (Philippine Clean Water Act) under the Laguna Lake Development Authority and R.A. 9003 (Ecological Solid Waste Management Act) as follows:

1. R.A. 8749 – The Company has a DENR Permit to Operate for the generator sets installed in the GMA Network Center. The permit was received on July 4, 2012 and costs around P 14, 500.00 and is valid for five (5) years or until April 28, 2017. As a requirement in the permit, the Company submits quarterly self-monitoring reports on the consumed fuel of the generator sets. In addition, all generator sets undergo annual emission tests conducted by DENR's accredited 3rd party group. The 2017 emission tests cost P113,714.30 for the 5 units.

2. R.A. 6969 – All generated hazardous wastes such as tapes, used engine oils, busted fluorescent lamp (BFL), empty paint cans, contaminated rags and others are treated, recycled and appropriately disposed of with the DENR's accredited 3rd party hazardous waste treatment group. The 2017 budget for the disposal of hazardous waste is P50,000.00.

3. R.A. 9275 GMA has a Discharge Permit from the Laguna Lake Development Authority (LLDA) to operate its Sewage Treatment Facility (STP) in the GMA Network Center. The permit, which costs around P22,447.50, is set for renewal in Q3 2017.

4. R.A. 9003 GMA applied for an Environmental Permit to Operate (Environmental Clearance) to the Quezon City Environmental Protection and Waste Management Department pursuant to City Ordinance No. 1729 Series of 2006. The budget for the annual permit for 2017 is P2,500.00.

In addition, the Company incurred approximately P638,132.44 in costs for other permits and licenses required by governmental regulations such as, but not limited to, special land use permits, DENR-EMB permits, etc.

EMPLOYEES

As of December 31, 2016, the Company has 2,505 regular and probationary employees. The Company also engaged 532 talents in 2016. GMA Network, Inc. recognizes one labor union, the GMA Network, Inc. Employees Union. The Collective Bargaining Agreement (CBA) for the cycle 2014-2019 took effect in July 2014.

The classification of the Company's employees, including the number of employees it anticipates to have in the ensuing twelve (12) months, are presented below:

	AS OF DEC. 31, 2016	**2017 ESTIMATED ADDITIONAL	TOTAL
Rank & File *	1,148	17	1,165
Non-Rank and File & Managers	1,277	66	1,343
Officers	80	0	80
Total	2,505	83	2,588
**** Covered by Collective Bargaining Agreement (CBA)***			
***** Based on approved MRF and hired EEs as of March 2017***			

LABOR DISPUTES

There were no strikes nor observed strikes and disputes between the labor and management in the past three (3) years.

MAJOR RISKS INVOLVED IN THE BUSINESSES OF THE COMPANY AND ITS SUBSIDIARIES

Both radio and television broadcasting are highly competitive businesses. GMA stations compete for listeners/viewers and advertising revenues within their respective markets directly with other radio and /or television stations, as well as with other media such as cable television and/ or cable radio, newspapers, magazines, the internet, billboard advertising, among others. Audience ratings and market shares are subject to change, and any change in a particular market could have a material adverse effect on the revenue of our stations located in that market.

Considering the potential impact of various risks to the company's ability to deliver quality content across multiple platforms, the Company has established a Programming Committee that deliberates weekly on the programming issues and strategies of the network. Regular monthly meetings of the Company's officers are also held to discuss plans, operational issues and strategies, implementation of projects and recommendations for improvements.

The Company's financial results are dependent primarily on its ability to generate advertising revenue through rates charged to advertisers. The advertising rates a station is able to charge is affected by many factors, including the ratings of its programs and the general strength of the local and national economies. Generally, advertising declines during periods of economic recession or downturns in the economy. As a result, the Company's revenue is likely to be adversely affected during such periods.

The Company's Board of Directors and management are mindful of the risks and uncertainties inherent in the business. In the formulation of corporate strategy and business decision-making, potential risks are always taken into account. Necessary steps are taken to minimize, if not eliminate, such risks.

The Audit and Risk Management Committee assists the Board in the oversight of the Company's risk management. It ensures that proper controls are in place including the identification and evaluation of significant risk exposures.

Item 2. Properties

As of December 31, 2016, the Company's total property and equipment and real property amounted to P4,581.6 million. The property and equipment had a book value of P2,776.5 million, while its real property had a fair market value of P1,805.1 million (based on an Independent appraisal report as of December 17, 2013).

The following are the principal properties of the Company:

- The Channel 7 compound located in Barangay South Triangle, Diliman, Quezon City, which contains several buildings, including the GMA Network Center building;

- The GMA Network Center Studios, a four-storey building with an area of 4,053 square meter property adjacent to the GMA Network Center at GMA Network Drive cor. EDSA, Diliman Quezon City which houses two state-of-the-art studios, technical facilities and offices;

- The GMA-7 Antenna Tower in Tandang Sora Avenue, Barangay Culiat, Diliman Quezon City, which contains the TV and FM Transmitter building and the Satellite Uplink building;

- The GMA Fleet Center located on the east corner of Mother Ignacia Avenue and Sergeant Esguerra Avenue, Barangay South Triangle, Diliman Quezon City; and

- Properties in the key areas across different regions:

Luzon

- Land in Barangay Malued, Dagupan City, where the Company's radio and television studios are located;
- A 51,135 square meter property in Panghulo, Obando, Bulacan, where an AM transmitter site, a two-storey building, a genset house, and an AM tower are situated;
- A 2,000 square meter property in Barangay Concepcion Pequeña, Naga City, where a TV relay transmitter and an FM transmitter site are located; and
- A 10,000 square meter property in La Trinidad, Benguet where an FM transmitter site and a one storey building are situated.
- A 2000 square meter property in Bayubay Sur, San Vicente, Ilocos Sur where a TV studio is located.

Visayas

- Land located in Nivel Hills, Barangay Lahug, Cebu City, containing a multilevel building which houses radio and television operation facilities;
- Land in Barangay Tamborong, Jordan, Guimaras where an FM radio and television transmitter is located;
- Land in Alta Tierra, Jaro, Iloilo City where radio and television studios are located;
- Land in Barangay Jibao-an, Pavia, Iloilo where an AM transmitter site and building are located;
- Land in Barangay Sta. Monica, Puerto Princesa City, Palawan where a television relay transmitter site and building are located; and,
- Land in Barangay Bulwang, Numancia, Aklan where a television relay transmitter site and a building are located.

Mindanao

- Land in Bo. Matina Hills, Davao City where an FM and television transmitter building and studio complex are located;
- Land in Barangay San Isidro, General Santos City where a television relay transmitter site and a building are located;
- Land in Barangay Cabatangan, Zamboanga City where a television relay transmitter site and a building are located.

The properties owned by the Company are currently unencumbered and are free from any existing liens.

The Company also leases land, building and studio/office space in various locations around the Philippines under lease agreements for periods of between three and 25 years. The lease agreements may be cancelled at the Company's option. Rental expense of the Company related to this amounted to P17.8 million for the year ended December 31, 2016.

Regional Broadcast Stations

GMA owns regional broadcast stations in various parts of the country. Originating TV stations are stand-alone transmitter, studio and production facilities capable of producing and airing live and/or taped programs as well as plugs and advertising within their (local) service area/s independent of, or in conjunction with the national feed. Satellite TV stations are similar to originating TV stations except that they are not equipped with live production capability outside of news bulletins. Satellite TV stations are also capable of broadcasting local plugs or advertising within their respective (local) service areas either independent of, or in conjunction with national program feeds. TV relay stations are limited to transmitter and signal receiving facilities and only re-broadcast programs/content received from originating or satellite TV stations with which they are associated; either via satellite or other receiving methods.

The following are GMA's television and radio stations throughout the Philippines:

LIST OF GMA's OPERATING TV STATIONS

NO	STATION	ADDRESS	CONTACT NUMBER
	LUZON		
1	TV-7 Metro Manila (GMA)	Brgy. Culiat, Tandang Sora, Quezon City	(02) 931-9183 / (02) 924-2497
	TV-27 Metro Manila (DTTB GMA/GNTV)	GMA Network Center, EDSA cor. Timog Avenue, Diliman, Quezon City	(02) 982-7777 loc 7035
2	TV-5 Ilocos Norte (GMA)	Brgy. San Lorenzo, San Nicolas, Ilocos Norte	0916-6715439
	TV-27 Ilocos Norte (GNTV)	Brgy. San Lorenzo, San Nicolas, Ilocos Norte	0916-6715439
3	TV-48 Ilocos Sur (GMA)	Mt. Caniao, Bantay, Ilocos Sur	0915-8632841
	RGMA TV-40 Ilocos Sur	Mt. Caniao, Bantay, Ilocos Sur	0915-8632841

	(GNTV)		
4	TV-7 Batanes (GMA)	Brgy. Kayvaluganan, Basco, Batanes	0915-6127197
5	TV-13 Aparri, Cagayan (GMA)	Hi-Class Bldg., De Rivera St., Aparri, Cagayan	0915-6130530
	TV-26 Aparri, Cagayan (GNTV)	Hi-Class Bldg., De Rivera St., Aparri, Cagayan	0915-6130530
6	TV-7 Tuguegarao, Cagayan (GMA)	No. 91 Mabini St., Tuguegarao City, Cagayan	0915-6127263
	TV-27 Tuguegarao, Cagayan (GNTV)	No. 91 Mabini St., Tuguegarao City, Cagayan	0915-6127263
7	TV-7 Isabela (GMA)	Heritage Commercial Complex, Maharlika Hi-way, Brgy. Malvar, Santiago City, Isabela	0915-2700063
8	TV-5 Baler (GMA)	Purok 3, Brgy. Buhangin, Baler, Aurora	0915-6127194
9	TV-10 Olongapo (GMA)	Upper Mabayuhan, Olongapo City	0915-6127265
	TV-26 Olongapo (GNTV)	Upper Mabayuhan, Olongapo City	0915-6127265
10	RGMA TV-28 Tarlac City (GNTV)	Exclusively His Bldg., F. Tanedo St. corner Espinosa St., Tarlac City	0915-2700185
11	TV-12 Batangas (GMA)	Mt. Banoy, Bo. Talumpok East, Batangas City	0915-8632860
	TV-26 Batangas (GNTV)	Mt. Banoy, Bo. Talumpok East, Batangas City	0915-8632860
12	TV-44 Jalajala, Rizal (GMA)	Mt. Landing, Jalajala, Rizal	0915-8632874
13	TV-13 Occidental Mindoro (GMA)	Bonifacio St., San Jose, Occidental Mindoro	0915-6127199
	TV-26 Occidental Mindoro (GNTV)	Bonifacio St., San Jose, Occidental Mindoro	0915-6127199

14	TV-6 Brooke's Point, Palawan (GMA)	Poblacion, Brooke's Point, Palawan	0915-6127181
15	TV-8 Coron, Palawan (GMA)	Tapias Hill, Coron, Palawan	0915-6127178
16	TV-12 Puerto Princesa, Palawan (GMA)	Mitra Rd., Brgy. Sta. Monica, Puerto Princesa, Palawan	0915-6127185
	TV-27 Puerto Princesa, Palawan (GNTV)	Mitra Rd., Brgy. Sta. Monica, Puerto Princesa, Palawan	0915-6127185
17	TV-7 Romblon (GMA)	Triple Peak, Sta. Maria, Tablas, Romblon	0915-6127225
18	TV-12 Legaspi (GMA)	Mt. Bariw, Estanza, Legaspi City	0915-8632867
	TV-27 Legaspi (GNTV)	Mt. Bariw, Estanza, Legaspi City	0915-8632867
	RGMA TV-33 Legaspi (GMA)	Mt. Bariw, Estanza, Legaspi City	0915-8632867
19	TV-8 Daet (GMA)	Purok 2, Brgy. Mancruz, Daet, Camarines Norte	0915-2700056
20	TV-7 Naga (GMA)	Brgy. Concepcion Pequeña, Naga City	0915-4417071
	TV-28 Naga (GNTV)	Brgy. Concepcion Pequeña, Naga City	0915-4417071
	RGMA TV-44 Naga (GMA)	Brgy. Concepcion Pequeña, Naga City	0915-4417071
21	TV-13 Catanduanes (GMA)	Brgy. Sto. Niño, Virac, Catanduanes	0915-6127174
22	TV-7 Masbate (GMA)	Brgy. Pinamurbuhan, Mobo, Masbate	0915-6127175
	TV-27 Masbate (GNTV)	Brgy. Pinamurbuhan, Mobo, Masbate	0915-6127175
23	TV-2 Sorsogon (GMA)	Mt. Bintacan, Brgy. Maalo, Juban, Sorsogon	0915-2700192

24	TV-7 Abra (GMA)	Brgy. Lusuac, Peñarrubia, Abra	0915-6130512
25	TV-10 Benguet (GMA)	Mt. Sto. Tomas, Tuba, Benguet	0915-4417080
	TV-22 Benguet (GNTV))	Mt. Sto. Tomas, Tuba, Benguet	0915-4417080
26	TV-5 Mountain Province (GMA)	Mt Amuyao, Barlig, Mountain Province	0915-2700124
	VISAYAS		
27	TV-2 Kalibo (GMA)	New Busuanga, Numancia, Aklan	0915-6127216
	TV-27 Kalibo (GNTV)	New Busuanga, Numancia, Aklan	0915-6127216
28	TV-5 Roxas (GMA)	Brgy. Milibili, Roxas City, Capiz	0915-6127217
	TV-27 Roxas (GNTV)	Brgy. Milibili, Roxas City, Capiz	0915-6127217
29	TV-6 Guimaras (GMA)	Bo. Tamburong, Jordan, Guimaras	0915-4417084
	TV-28 Iloilo (GNTV)	Alta Tierra Subdivision, Jaro, Iloilo	0915-4417084
30	TV-13 Bacolod (GMA)	Security Bank Bldg., Rizal St. cor. Locsin St., Bacolod City	0915-8632864
	TV-48 Bacolod (GNTV)	Security Bank Bldg., Rizal St. cor. Locsin St., Bacolod City	0915-8632864
31	TV-30 Murcia, Negros Occidental (GMA)	Mt. Kanlandog, Brgy. Canlandog, Murcia, Negros Occidental	0915-2700132
32	TV-10 Sipalay (GMA)	Sipalay Municipal Building, Sipalay, Negros Occidental	0915-6127219
33	TV-11 Bohol (GMA)	Banat-I Hills, Brgy. Bool, Tagbilaran City	0915-6127214
34	TV-7 Cebu (GMA)	Bonbon, Cebu City	0915-4417075
	TV-27 Cebu (GNTV)	Bonbon, Cebu City	0915-4417075
	RGMA TV-51 Cebu (GMA)	Bonbon, Cebu City	0915-4417075
35	TV-5 Dumaguete (GMA)	Barrio Looc, Sibulan, Negros Oriental	0915-6131185

	TV-28 Dumaguete (GNTV)	Barrio Looc, Sibulan, Negros Oriental	0915-6131185
36	TV-8 Borongan (GMA)	Poblacion, Borongan, Eastern Samar	0915-6127177
37	TV-12 Ormoc (GMA)	Brgy. Alta Vista, Ormoc City	0915-6127213
38	TV-10 Tacloban (GMA)	Basper, Tigbao, Tacloban City	0915-6127208
	TV-26 Tacloban (GNTV)	Basper, Tigbao, Tacloban City	0915-6127208
39	TV-5 Calbayog (GMA)	Purok 2 San Mateo St. Brgy. Matobato, Calbayog City, Western Samar	0915-6127176
	MINDANAO		
40	TV-4 Dipolog (GMA)	Linabo Peak, Dipolog City, Zamboanga Del Norte	0915-6127247
	TV-26 Dipolog (GNTV)	Linabo Peak, Dipolog City, Zamboanga Del Norte	0915-6127247
41	TV-3 Pagadian (GMA)	Mt. Palpalan, Pagadian City, Zamboanga del Sur	0915-6127245
	TV-26 Pagadian (GNTV)	Mt. Palpalan, Pagadian City, Zamboanga del Sur	0915-6127245
42	TV-9 Zamboanga (GMA)	Brgy. Cabatangan, Zamboanga City	0915-8632870
	TV-21 Zamboanga (GNTV)	Brgy. Cabatangan, Zamboanga City	0915-8632870
	RGMA TV-45 Zamboanga (GMA)	Brgy. Cabatangan, Zamboanga City	0915-8632870
43	TV-12 Mt. Kitanglad, Bukidnon (GMA)	Mt. Kitanglad, Bukidnon	0915-8632863
44	TV-5 Ozamis, Misamis Occidental (GMA)	Bo. Malaubang, Ozamis City, Misamis Occidental	0915-6127220
	TV-22 Ozamis, Misamis Occidental (GNTV)	Bo. Malaubang, Ozamis City, Misamis Occidental	0915-6127220

45	TV-11 Iligan City (GMA)	Brgy. Del Carmen, Iligan City, Lanao del Norte	0915-6131202
46	TV-35 Cagayan de Oro (GMA)	Malasag Heights, Brgy. Cugman, Cagayan de Oro City	0915-8632875
	TV-43 Cagayan de Oro (GNTV)	Malasag Heights, Brgy. Cugman, Cagayan de Oro City	0915-8632875
47	TV-26 Butuan (GMA)	Brgy. Bonbon, Butuan City, Agusan del Norte	09163178470
48	TV-5 Davao (GMA)	Shrine Hills, Matina, Davao City	0915-4417082
	TV-27 Davao (GNTV)	Shrine Hills, Matina, Davao City	0915-4417082
49	TV-12 Cotabato (GMA)	Regional Government Center, Cotabato City	0915-6131170
	TV-27 Cotabato (GNTV)	Regional Government Center, Cotabato City	0915-6131170
50	TV-8 General Santos (GMA)	Nuñez St., Brgy. San Isidro, General Santos City	0915-8632871
	TV-26 General Santos (GNTV)	Nuñez St., Brgy. San Isidro, General Santos City	0915-8632871
	RGMA TV-32 General Santos (GMA)	Nuñez St., Brgy. San Isidro, General Santos City	0915-8632871
51	TV-10 Surigao (GMA)	Lipata Hills, Surigao City, Surigao del Norte	0915-6131227
	TV-27 Surigao (GNTV)	Lipata Hills, Surigao City, Surigao del Norte	0915-6131227
52	TV-2 Tandag (GMA)	Capitol Hill, Brgy. Telaje, Tandag, Surigao del Sur	0915-6127248
53	TV-12 Jolo, Sulu (GMA)	Ynawat Bldg., Hadji Butu St., Jolo, Sulu	0915-6131182

	TV-26 Jolo, Sulu (GNTV)	Ynawat Bldg., Hadji Butu St., Jolo, Sulu	0915-6131182

GMA's RADIO STATIONS

GMA's RADIO STATIONS

AREA	FREQ.	CALL SIGN	AM / FM	POWER	ADDRESS
LUZON					
METRO MANILA	594 kHz 97.1 MHz	DZBB DWLS	AM FM	50kW 25kW	GMA Network Center, EDSA cor. Timog Ave., Diliman, Quezon City
BAGUIO	92.7 MHz	DWRA	FM	10kW	2/F Baguio Midland Courier Bldg., Kisad Road, Baguio City
DAGUPAN	1548 kHz 93.5 MHz	DZSD DWTL	AM FM	10kW 10kW	GMA TV 10 Compound, Claveria Road, Malued District, Dagupan City
LEGAZPI	96.3 MHz	DWCW	FM	10kW	3/L A. Bichara Silverscreen Entertainment Center, Magallanes St., Legazpi City
LUCENA	91.1 MHz	DWQL	FM	10kW	3/F Ancon Bldg., Merchan St., Lucena City
NAGA	101.5 MHz	DWQW	FM	5kW	GMA Complex (Beside Mother Seton Hospital), Diversion Road (Roxas Ave.), Naga City
PALAWAN	909 kHz 97.5 MHz	DYSP DYHY	AM FM	5kW 5kW	Solid Road, San Manuel, Puerto Princesa City, Palawan
TUGUEGARAO	89.3 MHz	DWWQ	FM	10kW	4/F Villablanca Hotel, Pattaui St. cor, Pallua Rd.,

					Ugac Norte, Tuguegarao City, Cagayan

VISAYAS

BACOLOD	1341 kHz 107.1 MHz	DYSB DYEN	AM FM	5KW 10kW	3/F Centroplex Mall, Gonzaga-Locsin St., Bacolod City
CEBU	999 kHz 99.5 MHz	DYSS DYRT	AM FM	10kW 25kW	GMA Skyview Complex, Nivel Hills, Lahug, Cebu City
ILOILO	1323 kHz 93.5 MHz	DYSI DYMK	AM FM	5kW 10kW	GMA Broadcast Complex Phase 5, Alta Tierra Village, Jaro, Iloilo City
KALIBO	92.9 MHz	DYRU	FM	5kW	Torres-Olivia Bldg., Roxas Ave. Extension, Kalibo, Aklan

MINDANAO

CAGAYAN DE ORO	100.7 MHz	DXLX	FM	5kW	2/F Centro Mariano Bldg., Osmena St., Cagayan De Oro City
DAVAO	1125 kHz 103.5 MHz	DXGM DXRV	AM FM	10kW 10kW	GMA Network Complex, Shrine Hills, Matina, Davao City
GENERAL SANTOS	102.3 MHz 1107 kHz	DXCJ DXBB	FM AM	10kW 5KW	3/F PBC Bldg., Cagampang St., General Santos City
ILIGAN (RGMA)	90.1 MHz	DXND	FM	1kW	Infinity Suites, Consunji St., Iligan City
ZAMBOANGA	1287 kHz	DXRC	AM	5KW	Logoy Duitay, Talon-Talon, Zamboanga City

PROPERTIES INTENDED FOR ACQUISITION

As of the present, the Company does not intend to acquire any predetermined property within the next twelve (12) months.

Item 3. Legal Proceedings

The Company and its subsidiaries are involved, from time to time, as plaintiff or defendant in litigation arising from transactions undertaken in the ordinary course of its business. Described below are the pending material litigation of which the Company and its subsidiaries or their properties are subject. The Company believes that a judgment rendered against it in the cases indicated below will not have a material adverse effect on its operations or financial condition.

None of the Company's affiliates, or their property, namely, RGMA Network, Inc., Philippine Entertainment Portal, Inc. and Mont-Aire Realty and Development Corporation, are involved in any material pending litigation as of December 31, 2016.

Labor Cases

There is a case for illegal dismissal filed against GMA Marketing and Productions, Inc. ("GMPI"), another wholly-owned subsidiary of GMA Network, and its officers, Lizelle Maralag and Leah Nuyda initiated by Corazon Guison, a former Sales Director of GMPI. The complainant claimed that she was unceremoniously terminated from her employment sometime in May 2010 and is entitled to reinstatement as well as payment of full backwages, unpaid commissions and salaries, moral and exemplary damages and attorney's fees. On January 31, 2011, the Labor Arbiter rendered a decision finding for complainant Guison and ordered the respondents to pay P807,007.50 as backwages and P1,691,000.00 as separation pay, as well as attorney's fees. On appeal, the NLRC reversed the decision of the Labor Arbiter and ordered the dismissal of complainant's complaint. Complainant filed a Petition with the Court of Appeals where it is currently pending.

There is a case (NLRC LAC No. 02-000863-13[8]) for regularization filed by pinch-hitters or relievers of GMA, namely, Ricky F. Villarin, Danilo Dela Cruz, Rolin Pilante and Johnny Anito, Jr. against GMA Network, Inc.. The Labor Arbiter rendered a decision declaring the relievers as regular employees of GMA. GMA appealed to the NLRC which denied the same. GMA's motion for reconsideration was likewise denied. Hence, GMA filed with the Court of Appeals a Petition for Certiorari docketed as CA.G.R. No.132455. The Court of Appeals rendered a Decision denying GMA's petition. GMA's motion for reconsideration was likewise denied.

There is a case (NLRC NCR Case No. 12-18557-12) for illegal dismissal, backwages, damages and attorney's fees filed by James Aaron Castillo Manalili against GMA, et al.. Complainant Manalili was a segment producer whose Talent Agreement was terminated for cause. The Labor Arbiter rendered a decision dismissing the complaint on the finding that there was no employer-employee relationship. Hence, there is no illegal dismissal. The Labor Arbiter also affirmed the validity of the termination of the Talent Agreement. However, the Labor Arbiter awarded 13th month pay in favor of Manalili. Hence, a partial appeal was filed for GMA. On appeal, the NLRC, affirmed the labor arbiter's decision but deleted the award of 13th month pay to complainant. Complainant's motion for reconsideration was likewise denied by the NLRC. Complainant filed with the Court of Appeals a Petition questioning the decision and resolution of the NLRC. The parties have filed their respective Memoranda and the petition is now submitted for decision.

There is a case (NLRC NCR Case No. 01-00024-13) for illegal dismissal and money claims filed by Christopher Cruz Legaspi against GMA and its executives. Complainant Legaspi was an employee of GMA who was dismissed for cause. The Labor Arbiter rendered a decision finding illegal dismissal. However, the decision was reversed on appeal by the NLRC. Complainant filed a motion for reconsideration which was also denied by the NLRC.

There is a case for regularization and illegal dismissal (NLRC NCR Case No. 04-05664-13[22]) filed by Henry T. Paragele, Roland Elly C. Jaso, et al. against GMA. Complainants are relievers/pinch hitters whose services were no longer availed of by GMA. The Labor Arbiter rendered a decision dismissing the complaint. Complainants filed an appeal to the NLRC. NLRC rendered a decision dismissing the appeal. Complainants filed a motion for reconsideration which was also denied by the NLRC. Complainants filed a Petition with the Court of Appeals where it is pending. GMA filed its Comment/Opposition and Memorandum. The case is now deemed submitted for decision.

There is another case for illegal dismissal and money claims (NLRC CASE No. NCR-07-09875-13; NCR-07-10010-13; NCR-07-10135-13) filed by the drivers of GMA, namely, Marcelo S. Santiago and Serafin R. Palopalo, Jr., assigned to various programs and covered by Talent Agreements which expired and were no longer renewed. The Labor Arbiter rendered a decision dismissing the complaint on the ground that the Talent Agreements are fixed term employment contracts. Complainants appealed to the NLRC which reversed the Labor Arbiter's decision by declaring complainants as regular employees of GMA. GMA filed a motion for reconsideration which was also denied by the NLRC. GMA then filed a Petition with the Court of Appeals which was denied. This case is now awaiting execution of judgment.

There is a case for illegal dismissal, backwages and other money claims (NLRC-NCR-07-09474-13) filed by former segment producer De Chavez against GMA. Complainant was terminated for cause by GMA. The Labor Arbiter rendered a decision dismissing the complaint. De Chavez appealed to the NLRC which denied her appeal and affirmed the Labor Arbiter's decision. De Chavez filed a Petition with the Court of Appeals which denied the same. Similarly, De Chavez's Petition filed with the Supreme Court was denied for lack of merit.

Another pending case for illegal dismissal and regularization (NLRC NCR 01-00164-14) was filed by former utility personnel Reynaldo Delos Santos Aranas, et.al against GMA/Atty. Felipe L. Gozon. Complainants' talent agreements were not renewed by GMA. The Labor Arbiter rendered a Decision in favor of complainant. GMA filed an appeal with the NLRC which affirmed the Labor Arbiter's Decision. A Petition for Certiorari was filed which affirmed the rulings of the NLRC. This case is now awaiting execution of judgment.

There is a case for regularization (NLRC NCR Case No. 06-06683-14) filed by Christian Bochee M. Cabaluna, et al. against GMA/Atty. Felipe L. Gozon. The Labor Arbiter rendered a Decision in favor of complainants. On appeal to the NLRC, the same was denied. GMA filed a Petition for Certiorari with the Court of Appeals and the Petition is now deemed submitted for decision.

There is a case for illegal dismissal with money claims filed by Cynthia Malabunga against GMA. She was first engaged by GMA for various programs until her last talent contract as Associate producer was terminated on 30 April 2014. The Labor Arbiter rendered a decision dismissing the complaint. Complainant filed an appeal which was dismissed by the NLRC. The NLRC also denied her motion for reconsideration. Complainant filed a Petition for Certiorari with the Court of Appeals and GMA filed its Comment/Opposition thereto. The Petition is now submitted for resolution.

There is another case for regularization filed by Micholl P. Mabinta whose talent agreement was no longer renewed. The Labor Arbiter rendered a decision dismissing the complaint on June 8, 2015. Complainant filed an appeal which was dismissed by the NLRC in a Decision dated January 29, 2016. Complainant filed a Motion for Reconsideration which was denied by the NLRC in a Resolution dated March 31, 2016. Complainant filed a Petition to the Court of Appeals and the respondents filed their Comment/Opposition thereto. The Petition is now submitted for decision.

There is a case for illegal suspension, moral and exemplary damages and attorneys fee filed by Edmalynne Remillano et al. The parties have already filed their respective position paper and reply and the case is now submitted for decision.

There is a case involving a complaint filed against GMA by Alfredo Lubrica Enoce for alleged illegal dismissal with a prayer for separation pay, backwages, moral and exemplary damages and attorney's fees. The parties filed their respective position papers on November 15, 2016. Upon submission of the parties' respective replies, the case will be deemed submitted for decision.

Infringement Cases

The Company's officers, Felipe L. Gozon, Gilberto R. Duavit, Jr., Marissa L. Flores, Jessica A. Soho, Grace dela Peña-Reyes, John Oliver Manalastas, John Does and Jane Does were named as respondents in a criminal case initiated in June 2004 for copyright infringement before the City Prosecutor's Office of Quezon City and the Department of Justice ("DOJ"). The case was subsequently consolidated with the Company's counter charge for libel.

The respondents were charged in their capacities as corporate officers and employees of the Company responsible for the alleged unauthorized airing of ABS-CBN's exclusive live coverage of the arrival in the Philippines of Angelo dela Cruz, a Filipino overseas worker previously held hostage in Iraq. Aside from seeking to hold the named respondents criminally liable for infringement and unfair competition, ABS-CBN sought damages from the respondents jointly and severally in the aggregate amount of ₱200 million.

On July 27, 2004, the Company and certain of its officers filed a case for libel against certain officers of ABS-CBN for statements made in their programs Insider and Magandang Umaga Bayan relative to the incident involving the dela Cruz feed. The Company also seeks damages in the aggregate amount of ₱100 million.

In a Resolution dated December 3, 2004, the DOJ dismissed the complaint for libel against the ABS-CBN officers and employees and dropped the charges against the Company's officers except for Ms. Dela Peña-Reyes and Mr. Manalastas against whom the DOJ found probable cause for violation of the Intellectual Property Code. ABS-CBN filed a motion for partial reconsideration of the resolution on the grounds that the other named respondents were erroneously exonerated. The Company filed a petition for review with the DOJ with respect to the finding of probable cause against Ms. Dela Peña-Reyes and Mr. Manalastas and the dismissal of the case for libel which was denied. On August 1, 2005, the DOJ reversed the fiscal's resolution finding probable cause against Ms. dela Peña-Reyes and Mr. Manalastas and directed the fiscal to withdraw the Information. ABS-CBN filed a motion for reconsideration. Meanwhile, the DOJ issued a Resolution dated September 15, 2005 denying the Company's Petition for Review and ruling that ABS-CBN's officers and employees did not commit libel. The Company filed a motion for reconsideration.

On June 29, 2010, the DOJ issued a Resolution granting both the Company's and ABS-CBN's Motions for Reconsideration, and directing the filing of Information against ABS-CBN's officers and employees for libel. ABS-CBN moved for reconsideration which was denied by the DOJ. ABS-CBN filed a Petition with the Court of Appeals. In the meantime, an Information for libel was filed by the Quezon City Prosecutor with the Regional Trial Court of Quezon City, Branch 88.

The Company elevated the DOJ's June 29, 2010 Resolution directly to the Court of Appeals via a Petition for Certiorari docketed as CA-G.R. SP No. 115751. On November 9, 2010, the Court of Appeals issued a decision granting the Company's Petition for Certiorari and reversing the DOJ Resolution dated June 29, 2010 and reinstating the DOJ Resolution dated August 1, 2005 which ordered the withdrawal of Information for copyright infringement. ABS-CBN filed a Petition with the Supreme Court which partially granted the Petition by reversing the DOJ Resolution ordering the withdrawal of the Information and sustaining the finding of probable cause for copyright infringement only as against Ms. Dela Peña-Reyes and Mr. Manalastas. The proceedings before the RTC QC Branch 93 will resume with the presentation of the prosecution's evidence on May 17, 2017.

Civil Cases

A case for damages was filed by Ronaldo Virola against Miguel Enriquez and the Company. Ronaldo Virola filed a case for damages arising from the airing of **Imbestigador** episodes showing the interviews of "Myra" and "Chona" who accused Virola of placing drugs in their drinks before molesting them. The said **Imbestigador** episodes also showed the raid conducted by operatives of Task Force Jericho of the Department of Interior and Local Government who applied for a warrant to search the residence of Virola. The complaint sought

₱800,000 in moral damages, ₱300.000 in exemplary damages, attorney's fees in the amount of ₱100.000 and the cost of suit. The Regional Trial Court of Caloocan dismissed the complaint after trial. Plaintiff appealed to the Court of Appeals which dismissed his appeal and affirmed the trial court's decision dismissing his complaint for damages. On November 25, 2015, the CA issued an Entry of Judgment attesting that the said Decision dated March 2015 became final and executory on April 23, 2015. GMA now considers this case close and terminated.

On June 25, 2008, Mary the Queen Hospital filed a case for damages against the Company, Mike Enriquez as well as certain other members of the show, **Imbestigador**. The hospital alleged that the show damaged its reputation by falsely accusing them of illegally detaining a patient for failure to settle hospital bills. The hospital claimed a total of ₱ 5.5 million in moral, exemplary and temperate damages, as well as costs of the suit. Plaintiff has rested its case and we are set to present defense evidence on April 21, 2016. The hearing for reception of defendant's evidence is set on May 18, 2017.

Another case involved the Company and members of the show **Imbestigador**, stemmed from a story involving a police officer allegedly extorting money from arrested drug dependents, which ultimately led to his arrest. On September 4, 2008, the complaint sought to enjoin the airing of the story relating to his arrest by filing a case for injunction. However, the plaintiff's application for restraining order was denied by the Regional trial Court (RTC) of Quezon City. Plaintiff then filed an amended complaint to include a claim for damages. The hearing for the reception of defendant's evidence is set on April 5, 2017.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Market Information

Stock Prices GMA7

Period in 2016	Highest Closing	Lowest Closing
1Q	7.00	6.33
2Q	7.33	6.22
3Q	6.42	6.24
4Q	7.33	6.10

Stock Prices GMAP

Period in 2016	Highest Closing	Lowest Closing
1Q	7.20	6.00
2Q	7.20	6.10
3Q	6.36	6.00
4Q	6.20	5.85

The Company's common shares and Philippine Deposit Receipts have been listed with the Philippine Stock Exchange since 2007. The price information as of the close of the latest practicable trading date April 12, 2017; GMA7's closing price is P7.05 for GMA7 and P6.34 for GMAP (PDRs).

Holders

There are 1,691 holders of common equity as of March 31, 2016. The following are the top 20 holders of the common equity of the Company:

Name of Shareholders	No. of Common Shares	Percentage of Ownership of Total Common Shares
GMA Holdings, Inc.	815,392,400	24.23%
Group Management & Development, Inc.	789,813,389	23.47%
FLG Management & Development Corp.	677,213,227	20.13%
M.A. Jimenez Enterprises, Inc.	453,882,095	13.49%
Television International Corp.	334,378,037	9.94%
PCD Nominee Corp.	241,367,096	7.17%
Gozon Development Corp.	14,033,954	0.42%
Gozon Foundation, Inc.	5,144,361	0.15%
Gilberto R. Duavit, Jr.	4,007,005	0.12%
Ismael Gozon	2,814,900	0.08%
Miguel Enrique Singson Roa	2,566,400	0.08%

Name of Shareholders	No. of Common Shares	Percentage of Ownership of Total Common Shares
Luisito C. Cirineo	1,750,500	0.05%
Jose Mari L. Chan	1,315,900	0.04%
Felipe S. Yalong	1,025,000	0.03%
Alberto Tio Ong	1,000,000	0.03%
Judith Duavit Vazquez	588,000	0.02%
Anna Teresa G. Abrogar	529,000	0.02%
Jose P. Marcelo	501,498	0.01%
Jaime Javier Gana and/or Ma. Erlinda G. Gana	444,900	0.01%

The following are the top 20 holders of the Company's preferred shares as of March 31, 2016:

Name of Shareholders	No. of Preferred Shares	Percentage of Ownership of Total Preferred Shares
Group Management & Development Inc.	2,625,805,308	35.0130%
FLG Management & Development Corp.	2,181,898,644	29.0939%
M.A. Jimenez Enterprises	1,508,978,826	20.1210%
Television International Corp.	1,111,661,610	14.8231%
Gozon Development Corp.	46,245,306	0.6166%
Gozon Foundation Inc.	15,020,670	0.2003%
Alegria F. Sibal	2,623,806	0.0350%
Jose P. Marcelo	1,203,594	0.0160%
Sotero H. Laurel	830,706	0.0111%
Nita Laurel Yupangco	830,706	0.0111%
Jose C. Laurel V	830,706	0.0111%
Juan Miguel Laurel	830,706	0.0111%
Susana Laurel-Delgado	830,706	0.0111%
Ma. Asuncion Laurel-Uichico	830,706	0.0111%
Horacio P. Borromeo	784,164	0.0105%
Francis F. Obana	105,120	0.0014%
Eduardo Morato	38,028	0.0005%
Antonio Gomez	30,420	0.0004%
Jose N. Morales	30,420	0.0004%
Paul Sim	30,420	0.0004%

The information presented does not relate to an acquisition, business combination or other reorganization.

Dividend Information

Dividends shall be declared only from the surplus profits of the corporation and shall be payable at such times and in such amounts as the Board of Directors shall determine, either in cash, shares or property of the Company, or a combination of the three, as said Board of Directors shall determine. The declaration of stock dividends, however, is subject to the approval of at least two-thirds of the outstanding capital stock. No dividend which will impair the capital of the Company shall be declared. The Company has no contractual restrictions which would limit its ability to declare any dividend.

Dividend History of the Company

Year	Amount	Date Declared	Type of Dividend
2005	₱ 218,521,203.5	February 17, 2005	Cash and Property
2005	₱ 3,000,000,000.0	October 11, 2005	Stock
2006	₱ 1,150,000,000.0	June 13, 2006	Cash and Property
2007	₱ 1,500,000,000.0	March 19, 2007	Cash
2007	₱ 375,000,000.0	April 26, 2007	Stock
2007	₱ 1,000,000,000.0	July 2, 2007	Cash
2008	₱ 1,214,163,001.0	May 21, 2008	Cash
2009	₱ 1,701,069,453.0	April 2, 2009	Cash
2010	₱ 2,187,089,296.56	March 25, 2010	Cash
2010	₱ 1,215,049,069.20	October 28, 2010	Cash
2011	₱ 2,187,089,296.56	March 11, 2011	Cash
2012	₱ 1,944,079,375	April 16, 2012	Cash
2012	₱ 1,264,794,293	August 22, 2012	Cash
2013	₱ 1,215,049,609	March 21, 2013	Cash
2014	₱ 1,312,253,577	April 2, 2014	Cash
2015	₱ 1,215,049,609.20	March 30, 2015	Cash
2016	₱ 1,944,079,375	April 8, 2016	Cash
2017	₱ 3,547,944,859	March 27, 2017	Cash

The Company's Board of Directors has approved a dividend policy which will entitle holders of the Common Shares to receive annual cash dividends equivalent to a minimum of 50% of the prior year's net income based on the recommendation of the Board of Directors. Such recommendation will take into consideration factors such as the implementation of business plans, operating expenses, budgets, funding for new investments, appropriate reserves and working capital, among others. The cash dividend policy may be changed by the Company's Board of Directors at any time.

Recent Sales of Unregistered or Exempt Securities

No sale of unregistered or exempt securities of the Company has occurred within the past three years.

Item 6. Management Discussion and Analysis of Financial Condition and Results of Operations for the Years Ended December 31, 2016 and 2015

The Management Discussion and Analysis provides a narrative of the Company's financial performance and condition that should be read in conjunction with the accompanying financial statements, which have been prepared in accordance with accounting principles generally accepted in the Philippines.

As discussed below, the Company's financial statements do not show any losses from operation and hence the Company has not taken any measures to address the same.

KEY PERFORMANCE INDICATORS

The Company uses the following measures to assess its performance from period to period.

Ratings

The performance of a program and/or network as a whole with respect to household ratings is the primary consideration for an advertiser in the Philippines to determine whether to advertise on a given program and/or network. AGB Nielsen, a media research firm, provides ratings to the Company on a subscription basis.

Load Factor

Load factor refers to the amount of advertising minutes aired during the breaks in a program as a percentage of the total minutes available for advertisement. The load factor is an indication of a program's or a timeblock's ability to sell advertising minutes. Load factor statistics are internally generated, although certain third parties monitor such statistics.

Signal reach/coverage

The ability to reach a greater number of viewers is a part of the Company's strategy to provide its advertisers with more value for their advertising expenditures. The Company frequently assesses its signal strength and coverage by conducting field intensity surveys and tests.

Subscriber count

Subscriber count is the key performance indicator for the Company's initiatives in the international cable arena to diversify its revenue base beyond advertising revenues. The number of subscribers to the Company's GMA Pinoy TV, GMA Life TV and GMA News TV International form the benchmark for measuring the success of this service. The Company makes internal assessments to determine the market potential for each new initiative and sets a subscriber count target accordingly.

Cost control

The Company is continuously searching for ways to control costs and to improve efficiency. The Company has established systems and procedures to monitor costs and measure efficiency and has launched various initiatives and activities in relation to these efforts.

FINANCIAL AND OPERATIONAL RESULTS

<u>For the Year Ended December 31, 2016</u>

GMA Network and its subsidiaries (GMA/the Company) capped the year 2016 by chronicling milestones in almost all financial metrics, starting off with unprecedented revenues which eventually trickled down to an all-time high bottom line result.

The boost from the national elections held during the first half of the year coupled by the upbeat turnout from regular advertising placements buoyed the Company's top line for the twelve month-period ended December 31 this year. Thus, consolidated revenues wrapped up at ₱ 16,673 million posting an improvement of nearly ₱3.0 billion or 21% from comparable period last year. Election-related placements for the year amounted to about ₱1.5 billion, significantly higher than the increment in political advocacies towards the latter part of 2015. Nonetheless, carving the impact of these non-recurring inflows in both years, the upswing in regular sales amounting to close to ₱2.0 billion accounted for the major part of the year-on-year improvement in the Company's top line. The resurgence of the Network as the leader in terms of nationwide TV ratings buoyed revenues from regular advertising placements.

Airtime revenues continued to be the Company's bread and butter with combined sales from all platforms surging to ₱15,131 million, overtaking last year by ₱2,751 million or by 22%. Discounting the impact of additional load from political advocacies and advertisements, airtime revenues significantly grew by ₱1,739 million or 15% in between periods. Meanwhile, revenues from other sources totaling ₱1,542 million also ended on a positive note with a ₱196 million improvement equivalent to 15% more than a year ago.

While consolidated revenues climbed by a double-digit growth of 21%, the Company's total operating expenses for full year of 2016 was kept at bay with an increase of only 8% year-on-year. Combined cash and non-cash operating expenses registered at ₱11,597 million, reflecting an escalation of ₱852 million over prior year's spending of ₱10,745 million. Total direct/production cost scaled by ₱702 million or 12% to ₱6,545 million while general and administrative expenses (GAEX) climbed by ₱150 million or just 3% to ₱5,052 million versus a year ago.

The remarkable performance in the top line due to the election boost which was further cemented by the upbeat contribution from regular advertisers, and buoyant sales from other businesses and subsidiaries propelled the Company's earnings before interest, taxes, depreciation and amortization (EBITDA) to a new high of ₱6,778 million this 2016. Coupled by prudent cost management, EBITDA for 2016 towered over last year's peg by a whopping ₱ 2,139 million or 46%.

Similarly, with non-cash operating expenses yielding an almost flat growth, and with the cash position of the Company allowing for a net interest income vs. a net interest expense a year ago, bottom line for the twelve-month period in 2016 skyrocketed to ₱3,647 million, the highest ever by far and a staggering ₱1,521 million or 72% increase over last year's audited net income after tax of ₱2,126 million.

Income Data	**2016** *(in millions PhP)*	2015 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Revenues				
Television and radio airtime	**15,131.5**	12,380.7	2,750.8	22%
Production and others	**1,541.9**	1,346.4	195.5	15%
	16,673.4	13,727.1	2,946.3	21%
Total operating expenses	**11,597.0**	10,745.0	852.0	8%
EBITDA	**6,778.0**	4,638.6	2,139.4	46%
Net income	**3,646.6**	2,125.8	1,520.8	72%
Attributable to Equity Holders of Parent Company	***3,626.3***	*2,115.1*	*1,511.3*	*71%*
Noncontrolling Interest	***20.3***	*10.7*	*9.5*	*89%*

Revenues

For the year 2016, consolidated revenues amassed to ₱16,673 million, overtaking prior year's top-line by a huge ₱2,946 million or 21% due the windfall from political advertisements and advocacies from the recent national elections bolstered by the significant growth in regular ad placements. Airtime revenues provided the boost soaring by ₱2,751 million or 22% vis-à-vis last year, while revenues from production and others likewise pulled ahead by 15% or ₱196 million.

Revenues	**2016** *(in millions PhP)*	2015 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Television and radio airtime	**15,131.5**	12,380.7	2,750.8	22%
Production and others	**1,541.9**	1,346.4	195.5	15%
	16,673.4	13,727.1	2,946.3	21%

Aided by the influx of election-driven load, nearly all airtime revenue-generating platforms outpaced last year's performances, establishing double digit advantages against comparable period. Core channel, GMA-7 topped the growth charts with a solid lead of more than ₱2.0 billion or 23% over last year. Minus the impact of political advocacies, Ch-7 still yielded a remarkable growth of 16% in sales form regular advertisers. The ratings supremacy regained by the channel during the second half of the year propelled the growth in recurring sales.

GMA News TV (GNTV-11), which was barely affected by political advocacies or advertisements also recorded its highest ever top line since it was launched ten years ago. The platform sealed 2016 with revenues up 10% versus previous year.

Radio likewise set a new milestone wrapping up with revenues higher by 19% from a year ago. Election-related placements played a crucial role in upping the revenues of the platform with more than a hundred million incremental sales.

Meanwhile, Regional TV's combined national and local sales for the year, also surpassed 2015's performance by a modest 4%. National sales contributed 57% while the balance was provided by local sales. Local sales despite contributing a smaller share in the pie, was the revenue driver for the year. Political advocacies and placements this 2016 aided the platform in achieving the sales growth against comparable period a year ago.

According to Nielsen's full year 2016 NUTAM (National Urban Television Audience Measurement) household shares, GMA was ahead of other networks in total day ratings with 36.3 percent, leading ABS-CBN's 36.2 percent and TV5's 7.8 percent.

Full year 2016 data also showed that GMA remained the undisputed number one TV network in viewer-rich Urban Luzon and Mega Manila, and reigned supreme across all dayparts, including primetime. Urban Luzon accounts for 77 percent of all urban TV households in the country, while Mega Manila represents 60 percent.

Urban Luzon continued to be a strong area for GMA as it registered 41.1 percent, beating ABS-CBN's 31.5 percent by 9.6 points and TV5's 6.9 percent by 34.2 points. GMA also remained dominant in Mega Manila with 43.2 percent, up 14.9 points from ABS-CBN's 28.3 percent and up 35.9 points from TV5's 7.3 percent.

The optimistic showing in airtime sales was likewise matched in the top line of other revenue streams. International operations and other businesses wrapped up the year ended December 31, 2016 with sales of ₱1,542 million, pitching in incremental revenues of ₱196 million or 15% more than a year ago. Propelling the increase was the surge in sales from International operations, in particular GMA Pinoy/Life TV (GPTV), which made a turn-around from last year's not so impressive results. Providing the second largest source of revenue inflow for the Company, GPTV's sales reached more than a billion, thus recording a 12% growth against comparable period in 2015. The climb was driven by the accretion in subscriber count by 8% for GPTV and GLTV with a growth of 23% over same period last year. The climb in subscriber count was fuelled by the comeback tie-up with OSN in the Middle East (OSN's partnership was revived starting April this year), as well as the launch of GMA channels on StarHub, one of the major PayTV operators in Singapore. Further, the depreciation of the peso against the dollar by an average of ₱2.01 or 4.4% this year aided in the revenue improvement of the platform.

Meanwhile, syndication activities pitched higher sales this year, exceeding last year's contribution by 36%. The revenue upswing was boosted by the licensing of format rights abroad with the likes of *My Destiny*, *Other Mrs. Real* and *Half Sisters*, to name some. In the local scene, biggest gainer in terms of revenues was GMA New Media (NMI) the Company's subsidiary in charge of converging technologies, which more than doubled its revenues from outside sources in between years. Fresh revenues from content provisioning as well as the climb in online sponsorships were the primary sources for the increase. The Company's film production outfit, GMA Films likewise recorded a banner year in 2016 with theatrical receipts 166% more than prior period mainly on account of the box-office success of the co-production featuring *AlDub's* very first solo film, *"Imagine You and Me"* which raked in gross ticket sales of nearly ₱200.0 million nationwide.

Expenses

Total operating expenses for the year amounted to ₱11,597 million, climbing by only a single-digit percentage of 8% versus 2015's ₱10,745 million. Total cash OPEX escalated by more than half a billion equivalent to 9% but was partly cushioned by the lower growth seen in non-cash spending. Program rights amortization, depreciation and other non-cash expenses only inched up by 1% in between periods.

Production Costs	2016 (in millions PhP)	2015 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Talent fees	**2,873.2**	2,800.3	72.9	3%
Rentals and outside services	**820.6**	731.9	88.7	12%
Other program expenses	**1,742.8**	1,247.0	495.8	40%
Sub-total - Cash Production Costs	**5,436.5**	4,779.1	657.4	14%
Program rights amortization	**836.2**	754.6	81.5	11%
Depreciation and amortization	**272.2**	308.9	(36.7)	-12%
Sub-total - Non-cash Production Costs	**1,108.4**	1,063.5	44.9	4%
Total production costs	**6,544.9**	5,842.6	702.3	12%

Comprising 56% of the Company's total OPEX, the growth in direct/production cost resulted from the growth in talent fees as well as overall increase in cost in producing high-budgeted series such as the acclaimed *fantaserye Encantadia*. There were likewise new in-house productions that further buoyed the growth in direct cost for the period. Moreover, incremental costs were incurred for this year's comprehensive election coverage which included *Eleksyon 2016* and *Pilipinas Debates 2016.* Amortization of program rights similarly netted an increase of 11% resulting from higher costing films shown this year.

General and Administrative Expenses	2016 (in millions PhP)	2015 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Personnel costs	**2,992.8**	2,570.9	421.9	16%
Outside services	**315.1**	341.3	(26.3)	-8%
Facilities costs	**406.5**	557.5	(150.9)	-27%
Taxes and licenses	**178.4**	157.2	21.2	13%
Others	**665.6**	754.7	(89.2)	-12%
Subtotal - Cash GAEX	**4,558.4**	4,381.7	176.7	4%
Depreciation and amortization	**451.4**	491.4	(40.0)	-8%
Provision for doubtful accounts	**25.2**	8.6	16.6	193%
Amortization of software costs	**17.2**	20.7	(3.5)	-17%
Subtotal - Non-cash GAEX	**493.7**	520.7	(27.0)	-5%
Total GAEX	**5,052.1**	4,902.4	149.7	3%

Meanwhile, general and administrative expenses (GAEX) by the end of the twelve-month period this 2016 measured at ₱5,052 million, edging last year by only 3% or ₱150 million. Personnel cost drove the increase, finishing off at ₱2,993 million, ₱422 million or 16% more than prior year. This year's higher bonus payout to all qualified employees due to the remarkable performance of the Company as well as the annual merit and CBA adjustments accounted mainly for the growth. The reduction in rental fees in particular the payment to satellite provider due to the implementation of the uplink upgrade cushioned the increase in other GAEX accounts. Outside services likewise saw a reduction mainly from the drop in Advertising and promotions particularly from lower spending for the Corporate Synergy activities in the regions.

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the year 2016 sealed at ₱6,778 million, exhibiting a considerable growth of ₱2,139 million or 46% more than than prior year's tally of ₱4,639 million. The more than ₱2.0 billion climb in EBITDA was buoyed by the commendable increase in consolidated top line by 21% or ₱2,946 million which was met by a single-digit growth in combined cash operating expenses vs. prior year.

Net Income

The outstanding performance in sales this year and managed growth in total spending which remained one of the Company's strengths propelled net income after tax to an all-time high of ₱ 3,647 million for the full year of 2016 – a huge ₱1,521 million or 72% improvement year-on-year.

Balance Sheet Accounts

As at end-2016, the Company's total assets stood at ₱16,059 million, exhibiting an increase of 11% from December 31, 2015's ₱14,416 million.

Climbing to ₱3,419 million, cash and cash equivalents soared by a huge 58% or ₱1,259 million more than the ₱2,160 million recorded in 2015 while trade and other receivables closed at ₱ 5,270 million, 20% greater than previous year.

Total liabilities grew by 5% or ₱269 million as at end-December this year to ₱5,603 million from ₱5,333 million in 2015 mainly from the rise in pension liability by P542 million, coupled by the increase in trade payables & other current liabilities and income tax payable by ₱251 million and ₱136 million, respectively.
This was partly counterbalanced by the payments of short-term loans which as at end-2016 finished off at ₱646 million from ₱1,153 million a year ago. .

Equity attributable to Parent Company stockholders of ₱10,407 million as at December 31, 2016 surged by 15% or ₱1,368 million in between years, arising from the ₱3,626 million net income attributable to Parent Company earned in 2016 subsequently offset by the dividend declared during the first half of 2016 amounting to ₱1,944 million.

Cash Flows	**2016** (in millions PhP)	2015 (in millions PhP)
Net cash provided by operating activities	**4,115.2**	3,462.4
Net cash used in investing activities	**(405.4)**	(539.6)
Net cash used in financing activities	**(2,490.5)**	(2,392.3)
Effect of exchange rate changes on cash and cash equivalents	**39.4**	30.9
Net increase in cash and cash equivalents	**1,258.7**	561.5
Cash and cash equivalents at beginning of year	**2,160.3**	1,598.8
Cash and cash equivalents at end of year	**3,419.0**	2,160.3

Operating Activities

Net cash from operations registered at ₱4,115 million in 2016. This stemmed from income before income tax of ₱5,208 million, adjusted mainly by depreciation expense of ₱724 million, program and other rights usage of ₱836 million, pension expense of ₱226 million, interest expense and financing charges of ₱17 million, net unrealized foreign currency exchange gain of ₱48 million, gain on sale of property and equipment of ₱30 million and amortization of software costs of ₱17 million apart from the changes in working capital. The primary components of the changes in working capital included the ₱890 million and ₱704 million upturn in trade and other receivables and acquisition of program and other rights, respectively, partly offset by the ₱235 million dip in prepaid expense and other current assets.

Investing Activities

Net cash used in investing activities amounted to ₱405 million, coming primarily from the ₱444 million and ₱3 million net additions to property and equipment and land at revalued amount, respectively. This was partly offset by the ₱33 million proceeds from sale of property and equipment.

Financing Activities

Net cash used in financing activities amounted to ₱2,491 million basically due from the loan payment of ₱1,018 million and cash dividend payout amounting to ₱1,955 million during the year, plus some ₱18 million in interest expense netted by ₱500 million remaining proceeds from short-terms loans.

FINANCIAL AND OPERATIONAL RESULTS

For the Year Ended December 31, 2015

GMA Network, Inc. and its subsidiaries (GMA/the Company) sealed the twelve-month period of 2015 on a high note propelled by upbeat revenues since the start of the year. Coming from a challenging phase in 2014, the early months of 2015 saw a remarkable upswing in the top line which was sustained up to the close of the year. The sterling result was brought about by the confluence of several factors such as gaining fresh revenues from a come-backing major advertiser, influx of political advocacy placements, and recapturing number one position in terms of ratings on a national level, thus leading to a general improvement in the advertising load from regular customers. Likewise, it must be noted that during a greater part of the first six months this year, competition introduced drastic changes in its pricing strategy that pushed major advertisers to shift their adspend to GMA. As a result of the foregoing, consolidated revenues reached ₱13,727 million exhibiting a growth of ₱1,744 million or up 15% year-on-year. Airtime revenues across major platforms was the main driver for the remarkable hike in the top line generating a ₱1,702 million increase equivalent to 16% compared with same period a year ago. Political advocacies summed up to some ₱462 million, sans the impact of this non-recurring revenue, airtime sales was still ahead by a hefty ₱1,234 million or 12% versus a year ago. On the other hand, revenues from other sources which included subsidiaries and international operations concluded at ₱1,346 million, edging prior period by 3% or some ₱42 million.

The hike in consolidated revenues by a double-digit percentage of 15% this year was only met by a mere 2% or ₱171 million growth in total operating expenses (OPEX) ending at ₱10,745 million. Total production cost grew by 5% or ₱291 million but was cushioned by the reduction in general and administrative expenses (GAEX) which ended lower compared to last year by 2% or ₱120 million.

The strong top-line earnings coupled with a minimal growth in total cash OPEX, boosted consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) for 2015 at ₱4,639 million, significantly higher than last year by 59% or a huge ₱1,714 million. Consequently, the Company sealed consolidated net income after tax for the year ended at ₱ 2,126 million, a solid ₱1,116 million or 111% increase over 2014's audited net income after tax of ₱1,010 million.

Income Data	**2015** *(in millions PhP)*	2014 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Revenues				
Television and radio airtime	**12,380.7**	10,678.9	1,701.8	16%
Production and others	**1,346.4**	1,304.0	42.4	3%
	13,727.1	11,982.9	1,744.2	15%
Total operating expenses	**10,745.0**	10,573.8	171.2	2%
EBITDA	**4,638.6**	2,924.5	1,714.1	59%
Net income	**2,125.8**	1,009.5	1,116.3	111%
Attributable to Equity Holders of Parent Company	***2,115.1***	*1,004.7*	*1,110.4*	*111%*
Noncontrolling Interest	***10.7***	*4.9*	*5.9*	*121%*

Revenues

Consolidated revenues for the year 2015 reached ₱13,727 million, outpacing prior year's top-line performance by a whopping ₱1,744 million or 15% as 2015 top line was buoyed by the presence of political advocacies and fresh airtime revenues from major advertiser. Airtime revenues provided the boost soaring by ₱1,702 million or 16% vis-à-vis last year, while revenues from production and others pitched in a modest growth of ₱42 million or 3% with ₱ 1,346 million in combined sales.

Revenues	**2015** *(in millions PhP)*	2014 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Television and radio airtime	**12,380.7**	10,678.9	1,701.8	16%
Production and others	**1,346.4**	1,304.0	42.4	3%
	13,727.1	11,982.9	1,744.2	15%

On a per platform basis, Channel 7 topped the charts for the period with sales comprising more than three fourths of the total airtime revenue pie and ahead by a hefty 16% in absolute terms versus last year. Political advocacies aided in jacking-up the channel's sales in 2015. However, incremental sales from regular advertisers played the major role in the platform's revenue hike. Carving out the impact of political advocacies, Ch-7 improved y-o-y sales by 12%.

The Company's Radio business was likewise on a roll since the start of this year, thus, capping the period with sales higher by 15% vs. 2014's performance. Political advocacies for Radio influenced the increase. Similar to Ch-7, even after carving out the impact of these non-recurring placements, Radio nonetheless hurdled last year's topline by 11%.

Not far behind from Radio was GMA News TV (GNTV-11), which, through the years has steadily sustained its revenue growth. Full year 2015 revenues recorded its highest top line by far since the channel was launched. GNTV-11 outshone prior period by 24% despite being bereft of any political advocacy placements.

Lastly, Regional TV (RTV) operations which underwent some downsizing and streamlining activities earlier this year saw a reduction in total recurring sales by 13% from 2014. The presence of political advocacies on both national and local levels partly cushioned the revenue reduction to a mere 4% vs. prior period.

According to Nielsen's full year 2015 NUTAM (National Urban Television Audience Measurement) household shares, GMA was ahead of other networks in total day ratings with 35.4 percent, leading ABS-CBN's 34.9 percent and TV5's 9.2 percent. GMA overtook its closest rival in NUTAM in September 2015, and has since sustained nationwide ratings leadership.

Full year 2015 data also showed that GMA remained the undisputed number one TV network in viewer-rich Urban Luzon and Mega Manila, and reigned supreme across all dayparts, including primetime. Urban Luzon accounts for 77 percent of all urban TV households in the country, while Mega Manila represents 59 percent.

Urban Luzon continued to be a strong area for GMA as it registered 39.7 percent, surpassing ABS-CBN's 30.6 percent by 9.1 points and TV5's 8.2 percent by 31.5 points. GMA also further secured its dominant position in its bailiwick Mega Manila with 41.7 percent, up 14.7 points from ABS-CBN's 27 percent and up 33.2 points from TV5's 8.5 percent.

For December 2015, GMA posted a stronger total day lead with 38.9 percent in NUTAM, outscoring ABS-CBN's 33.6 percent by 5.3 points, and TV5's 7.8 percent by 31.1 points. Compared to ABS-CBN, more programs from GMA also figured in the list of top programs across all areas last December. *Kapuso Mo Jessica Soho* emerged as the number one program in Urban Luzon and Mega Manila, and led the list of GMA programs in NUTAM. In particular, GMA's countdown to 2016 was the most viewed New Year countdown by urban viewers.

On other revenue streams, which was mainly comprised of the Company's international operations via GMA Pinoy (GPTV), GMA Life (GLTV) and GMA News TV as well as production and subsidiaries operations a net increase of P42 million or 3% was recorded in between years, with combined sales reaching P1,346 million. International operations' though making up the most part of the revenue pie ended shy by 5% from a year ago. The topline from this segment was dragged by the drop in subscription revenues arising from changes in pricing scheme with a major carrier which used to be on a guaranteed-minimum basis. The reduction was partly cushioned by the growth in subscriber count by 6% for GPTV and by 13% for GLTV and depreciation of the Peso against the USD by an average of P1.16 or 3% for the year. The effect of this drop in subscriber income was likewise trimmed down by the hike in advertising revenues from international operations by 5%. Program syndication on the other hand pitched in incremental sales of 11% from a year ago.

From subsidiaries operations, combined revenue hike was seen for the twelve months this 2015 – with New Media spearheading the growth due to recent tie-ups with iFlix and HOOQ. Media Merge, Digify and GMA Records also upped their revenues for the twelve-month period compared from a year ago. Lastly, GMA Films also recorded higher gross receipts from the spill-over from 2014 MMFF co-production entry *Kubot, The Aswang Chronicles*.

Expenses

Total operating expenses for the year amounted to ₱10,745 million, inching up by only 2% compared with 2014's ₱10,574 million. Total cash OPEX stood at the same level of last year with less than a 1% increase of P34 million while non-cash OPEX grew by 9% or P137 million.

Total direct costs (cash and non-cash production costs) which comprised 54% of total operating costs amounted to ₱5,843 million by the end of twelve months in 2015, overtaking prior period by 5%. The ₱291 million increase was a result of the shift in programming mix to more in-house produced programs during January this year and the spike in amortization of program rights resulting from more expensive foreign movies and *Koreanovela/Mexicanovela* series this 2015. The afternoon in-house produced soaps also incurred higher costs this year due to extension in airing time to take advantage of the high ratings of this grid.

Production Costs	**2015** *(in millions PhP)*	2014 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Talent fees	**2,800.3**	2,738.8	61.5	2%
Rentals and outside services	**731.9**	740.4	(8.5)	-1%
Other program expenses	**1,247.0**	1,121.2	125.7	11%
Sub-total - Cash Production Costs	**4,779.1**	4,600.4	178.7	4%
Program rights amortization	**754.6**	646.7	108.0	17%
Depreciation and amortization	**308.9**	304.7	4.1	1%
Sub-total - Non-cash Production Costs	**1,063.5**	951.4	112.1	12%
Total production costs	**5,842.6**	5,551.8	290.8	5%

Meanwhile, general and administrative expenses (GAEX) settled at ₱4,902 million by the end of the year, even sliding by ₱120 million or 2% compared with the twelve-month period in 2014. This resulted from the considerable net decline in outside services by ₱81 million or 19%. Advertising and promotional spending alone registered a cutback by P127 million or 38% versus last year. The slowdown in Corporate Synergy activities nationwide was one of the main factors that contributed to the reduced advertising expenses.

Taxes and licenses likewise finished off with a drop of 32% or ₱75 million from a year ago as the previous period was saddled with payments to BIR for tax assessments covering previous years. These reductions were partly offset by the moderate increase in Personnel cost, edging last year by 2%. The growth in the account for 2015 was driven by higher bonuses to all qualified employees (attuned to the considerable growth in the Company's bottom line) and non-recurring payout to separated employees of various Regional TV stations and other operating/service units within the Network, on top of the yearly salary adjustments for all qualified rank & file and confidential employees. These on the other hand, were cushioned to a considerable extent by the presence in 2014 of the non-recurring CBA signing bonus for rank & file employees and appreciation bonus for confidential employees. The reduction in total headcount moving toward the second half of 2015, aligned with the aforementioned redundancy program also partly eased out the said increases.

General and Administrative Expenses	**2015** (in millions PhP)	2014 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Personnel costs	**2,570.9**	2,528.8	42.1	2%
Outside services	**341.3**	422.2	(80.8)	-19%
Facilities costs	**557.5**	592.0	(34.5)	-6%
Taxes and licenses	**157.2**	231.9	(74.7)	-32%
Others	**754.7**	751.5	3.3	0.4%
Subtotal - Cash GAEX	**4,381.7**	4,526.3	(144.6)	-3%
Depreciation and amortization	**491.4**	471.6	19.9	4%
Provision for doubtful accounts	**8.6**	0.7	7.9	1099%
Amortization of software costs	**20.7**	23.4	(2.7)	-12%
Subtotal - Non-cash GAEX	**520.7**	495.6	25.0	5%
Total GAEX	**4,902.4**	5,022.0	(119.6)	-2%

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the year wrapped up at ₱4,639 million, remarkably higher than prior year's tally of ₱2,925 million. The ₱1,714 million or 59% growth in EBITDA was buoyed by the commendable increase in consolidated top line by 15% or ₱1,744 million which was met by an almost flat growth in combined cash operating expenses vs. prior year.

Net Income

Given the solid performance in sales this year and managed growth in total spending, net income for the full year of 2015 soared to ₱2,126 million, more than double the ₱1,010 million bottom line recorded the prior period or equivalent to a ₱1,116 million or 111% improvement year-on-year.

Balance Sheet Accounts

The Company ended 2015 with total assets of ₱14,416 million, representing an increase of 7% from end-2014's ₱14,020 million.

Cash and cash equivalents rose to ₱2,160 million, 35% or ₱561 million more than the ₱1,599 million recorded as at December 31, 2014. On the other hand, trade and other receivables sealed at ₱4,801 million, 3% higher than previous year.

Total liabilities dropped by 8% or ₱454 million as at end-December this year to ₱5,333 million from ₱5,787 million in 2014 mainly from payments of short-term loans which as at end-2015 stood at ₱1,153 million from ₱2,223 million a year ago. This was partly counterbalanced by the hike in trade payables & other current liabilities and income tax payable by ₱259 million and ₱ 298 million, respectively.

Equity attributable to Parent Company stockholders of ₱9,039 million grew by 10% or ₱848 million in between years arising from ₱2,126 million net income earned in 2015 subsequently offset by the dividend declared during the first half of 2015 of ₱1,215 million.

Cash Flows	**2015** (in millions PhP)	2014 (in millions PhP)
Net cash provided by operating activities	**3,462.4**	661.9
Net cash used in investing activities	**(539.6)**	(553.1)
Net cash used in financing activities	**(2,392.3)**	(262.0)
Effect of exchange rate changes on cash and cash equivalents	**30.9**	2.3
Net increase (decrease) in cash and cash equivalents	**561.5**	(150.8)
Cash and cash equivalents at beginning of period	**1,598.8**	1,749.6
Cash and cash equivalents at end of period	**2,160.3**	1,598.8

Operating Activities

Net cash from operations registered at ₱3,462 million in 2015. This stemmed from income before income tax of ₱3,036 million, adjusted mainly by depreciation expense of ₱800 million, program and other rights usage of ₱755 million, pension expense of ₱167 million, interest expense and financing charges of ₱43 million, net unrealized foreign currency exchange loss of ₱24 million and amortization of software costs of ₱21 million apart from the changes in working capital. The primary components of the changes in working capital included the ₱229 million and ₱749 million upturn in trade and other receivables and program and other rights, respectively, partly offset by the ₱132 million dip in prepaid expense and other current assets.

Investing Activities

Net cash used in investing activities amounted to ₱540 million, coming primarily from the ₱553 million net additions to property and equipment. This was partly offset by the ₱22 million proceeds from sale of property and equipment.

Financing Activities

Net cash used in financing activities amounted to ₱2,392 million basically due from the loan payment of ₱2,325 million and cash dividend payout amounting to ₱1,224 million during the year, plus some ₱43 million in interest expense netted by ₱1,200 million remaining proceeds from short-terms loans.

KEY VARIABLE AND OTHER QUALITATIVE OR QUANTITATIVE FACTORS

i. Trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

   As of December 31, 2016, there were no known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

ii. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration or an obligation.

As of December 31, 2016, there were no events which may trigger a direct or contingent financial obligation that is material to the Company.

iii. Material off-balance-sheet transactions, arrangements, obligations (including contingent obligations), and other relations of the company with unconsolidated entities or other persons created during the reporting period.

There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relations of the company with unconsolidated entities or other persons created during the reporting period.

iv. Material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.

For 2017, the parent company has allotted ₱815 million for capital expenditures. This will be financed by internally-generated funds.

v. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

GMA Network's results of operations depend largely on the ability to sell airtime for advertising. The Company's business may be affected by the general condition of the economy of the Philippines.

vi. Significant elements of income or loss that did not arise from the Company's continuing operations.

As of December 31, 2016, there were no significant elements of income or loss that did arise from the issuer's continuing operations.

vii. Causes for Material Changes in the Financial Statements

<u>Balance Sheet (December 31, 2016 vs. December 31, 2015)</u>

- Cash and cash equivalents increase by 58% to ₱3,419 million at year-end which is directly attributed to this year's result of operation. Net cash provided by operating activities amounted to ₱4,118 million partly netted by the net cash used in investing activities of ₱408 million and in financing activities of ₱2,491 million.

- Trade and other receivables grew to ₱5,270 million from ₱4,384 million in 2015 as a direct impact of higher sales over collections.
- Short-term loans decreased by 44% as availments made are lower at ₱500 million vs. payments of ₱1,018 million.
- The 38% surge in income tax payable resulted from the result of the year 2016 operations.

viii. Seasonal aspects that had a material effect on the financial condition or results of operations.

There are no seasonal aspects that had a material effect on the financial condition or results of operations.

<u>Interim Periods</u>

The Company currently cannot make available the financial information for the first quarter of 2017. The Company however, undertakes to submit its SEC Form 17-Q on or before May 15, 2017 and to make the same available upon request during the Company's Annual Stockholders' Meeting.

Item 7. Financial Statements

Refer to attached copy.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Audit and Risk Management Committee reviews the fee arrangements with the external auditor and recommends the same to the Board of Directors. The Company's Audit Committee was formed in 2007 and was formally organized during the latter portion of that year. The members of the Audit Committee are as follows:

Dr. Jaime C. Laya (Chairman)

Chief Justice Artemio V. Panganiban

Anna Teresa M. Gozon

Laura J. Westfall

The Audit and Risk Management Committee has recommended the appointment of Sycip Gorres Velayo and Co., as the external auditor of the Company. The Sycip Gorres Velayo & Co.

has acted as the Company's external auditors since 1994. The same accounting firm is being recommended for re-election at the scheduled annual meeting.

The Company has not had any disagreements on accounting and financial disclosures with its current external auditors during the two most recent fiscal years or any subsequent interim period.

Sycip Gorres Velayo & Co. has no shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

AUDIT AND AUDITED RELATED FEES

The aggregate fees billed for each of the last two years for professional services rendered by Sycip Gorres Velayo and Co., amounted to ₱6.3 million in 2016 and P6.5 million in 2015 (these included the fees related to financial audit and services for general tax compliance). In 2015, the P500,000.00 represented fees for a limited post implementation review services for the transition from Oracle to SAP for the Company's ERP. No other fees of any nature were paid.

TAX FEES

There was no specific engagement availed by the Company for purely tax accounting. The total audited related fees as stated above already included basic tax review.

ALL OTHER FEES

Other than the foregoing services, no other product or service was provided by the external auditor to the Company.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Board of Directors, Officers and Senior Management

Under the Articles of Incorporation of the Company, the Board of Directors of the Company comprises nine directors, two of whom are independent. The Board is responsible for the overall management and direction of the Company and meets regularly every quarter and other times as necessary, to be provided with updates on the business of the Company and consulted on the Company's material decisions. The directors have a term of one year and are elected annually at the Company's stockholders meeting. A director who was elected to fill a vacancy holds the office only for the unexpired term of his predecessor. As of March 31, 2017, the

Company's Board of Directors and Senior Management are composed of the following:

Board of Directors				Senior Management		
Directors and Senior Management	Nationality	Position	Year Position was Assumed	Position	Year Position was Assumed	Age
Felipe L. Gozon	Filipino	Chairman/ Director	1975	Chief Executive Officer	2000	77
Gilberto M. Duavit	Filipino	Director	2016	N/A	N/A	82
Gilberto R. Duavit, Jr.	Filipino	Director	1999	President/Chief Operating Officer	2010	53
Anna Teresa M. Gozon	Filipino	Director/ Assistant Corporate Secretary	2000	N/A	N/A	45
Joel Marcelo G. Jimenez	Filipino	Director	2002	N/A	N/A	53
Laura J. Westfall	Filipino	Director	2002	N/A	N/A	49
Felipe S. Yalong	Filipino	Director/ Corporate Treasurer	2002	Executive Vice President/Chief Financial Officer	2011	60
Roberto Rafael V. Iucila	Filipino	Corporate Secretary	2017	N/A	N/A	60
Marissa L. Flores	Filipino	N/A	N/A	Senior Vice President, News and Public Affairs	2004	62
Ronnie P. Mastrili	Filipino	N/A	N/A	Senior Vice President for Finance and ICT	2013	51
Lilybeth G. Rasonable	Filipino	N/A	N/A	Senior Vice President for Entertainment TV	2013	53
Artemio V. Panganiban	Filipino	Independent Director	2007	N/A	2007	80
Jaime C. Laya	Filipino	Independent Director	2007	N/A	2007	78
Elvis B. Ancheta	Filipino	N/A	N/A	Senior Vice President and Head, Engineering Group; Head, Transmission and Regional Engineering Department	2014	50
Lizelle G. Maralag	Filipino	N/A	2016	Chief Marketing Officer	2016	51

The following are descriptions of the business experiences of the Company's directors, officers and senior management:

Felipe L. Gozon, Filipino, 77 years old, is the Chairman of the Board of Directors and Chief Executive Officer of the Network.

Atty. Gozon is a Senior Partner at the Law Firm of Belo Gozon Elma Parel Asuncion & Lucila. Aside from GMA Network, Inc., he is also Chairman and CEO of GMA New Media, Inc. and FLG Management and Development Corp.; Chairman of Alta Productions Group, Inc., Citynet Network Marketing and Productions, Inc., Mont-Aire Realty and Development Corp., Philippine Entertainment Portal, Inc., RGMA Network, Inc., and Justitia Realty and Management Corp.; President of Gozon Development Corporation, BGE Holdings, Inc., and Lex Realty Corporation; Director of, among other companies, Philippine Chamber of Commerce and Industry, Chamber of Commerce of the Philippine Islands; and Vice President/Treasurer of Antipolo Agri-Business and Land Development Corp. He serves as Chairman of the Board of Trustees of GMA Kapuso

Foundation, Inc., Kapwa Ko Mahal Ko Foundation, Inc., and The Potter and Clay Christian School Foundation, Inc.; Chairman and President of Gozon Foundation; and Trustee of Bantayog ng mga Bayani Foundation. Gozon is also an Advisory Board Member of the Asian Television Awards.

Atty. Gozon is a recipient of several awards for his achievements in law, media, public service, and business, including the prestigious Chief Justice Special Award given by the Chief Justice of the Philippines (1991), Presidential Award of Merit given by the Philippine Bar Association (1990 & 1993), CEO of the Year given by Uno Magazine (2004), Master Entrepreneur – Philippines (2004) by Ernst and Young, Outstanding Citizen of Malabon Award for Legal and Business Management by the Kalipunan ng Samahan sa Malabon (KASAMA) (2005), People of the Year by People Asia Magazine (2005), Outstanding Manilan Award in the field of Social Responsibility and Broadcasting given by the City Government of Manila (2011), Quezon City Gawad Parangal Most Outstanding Citizen for 2011 given by the City Government of Quezon (2011), Tycoon of the Decade Award given by BizNews Asia (2011), Lifetime Achievement Award given by the UP Alumni Association (2012), Certificate of Recognition given by the Civil Aeronautics Board (2012), Personality of the Year for Broadcast Media given by SKAL International Makati (2013), Outstanding Member-Achiever given by Phi Kappa Phi UP Chapter (International Honor Society) (2013), Visionary Management CEO Award given by BizNews Asia (2013), Lifetime Achievement Award given by UP Preparatory High School Alumni (2014), Entrepreneurship Excellence Award and Best Broadcast CEO Award given by BizNews Asia (2014), The Rotary Golden Wheel Award for Corporate Media Management given by Rotary International District 3780 and Quezon City Government (2014), and Global Leadership Award for Excellence in Media Sector (first Filipino to win the award) given by The Leaders International together with the American Leadership Development Association in Kuala Lumpur, Malaysia (2015). He is also listed among Biz News Asia's Power 100 (2003 to 2010).

Atty. Gozon earned his Bachelor of Laws degree from the University of the Philippines (among the first 10 of his class) and his Master of Laws degree from Yale University Law School. He was admitted to the Bar in 1962, placing 13th in the Bar examinations.

Gilberto R. Duavit, Jr., Filipino, 53 years old, is the President and Chief Operating Officer of the Network. He has been a Director of the Company since 1999 and is currently the Chairman of the Network's Executive Committee. Aside from GMA Network, Inc., he is the Chairman of the Board of GMA Network Films, Inc. and GMA Worldwide, Inc. He also serves as President and CEO of GMA Holdings, Inc., RGMA Marketing and Productions, Inc., Film Experts, Inc., and Dual Management and Investments, Inc. He is the President and a Director of Group Management and Development, Inc.; President and Director of MediaMerge Corp., Citynet Network Marketing and Productions, Inc.; Director of RGMA Network, Inc., GMA New Media, Inc., Alta Productions Group, Inc., Optima Digital, Inc., and Mont-Aire Realty and Development Corp. He also serves as the President and a Trustee of GMA Kapuso Foundation, Inc. and a Trustee of the Guronasyon Foundation, Inc. and the HERO Foundation.

Mr. Duavit holds a Bachelor's Degree in Philosophy from the University of the Philippines.

Joel Marcelo G. Jimenez, Filipino, 53 years old, has been a Director of the Company since 2002. He is currently the Vice Chairman of the Executive Committee of GMA Network, Inc., President and CEO of Menarco Holdings, and the Chief Executive Officer of Alta Productions, Inc. He is a Director of RGMA Network, Inc., GMA New Media, Inc., Scenarios, Inc., and GMA Worldwide, Inc., besides also being a member of the Board of Directors of Malayan Savings and Mortgage Bank, and Unicapital Securities, Inc. He is also a Director of Nuvoland Philippines, a real-estate development company. He is a Trustee of GMA Kapuso Foundation, Inc.

He was educated in Los Angeles, California where he obtained a Bachelor's Degree in Business Administration from Loyola Marymount University. He also obtained a Master's Degree in Management from the Asian Institute of Management.

Felipe S. Yalong, Filipino, 60 years old, is the Executive Vice President and Chief Financial Officer of GMA Network, Inc. He is also the Head of the Corporate Services Group of the Network. He has been a Director of the Company since 2002. Aside from GMA Network, Inc., he also serves as Director and Corporate Treasurer of GMA Holdings, Inc., Scenarios, Inc., and GMA Network Films, Inc.; Director of Unicapital, Inc., and Majalco Finance and Investments, Inc.; Corporate Treasurer of RGMA Network, Inc., MediaMerge Corp.; Executive Vice President of RGMA Marketing and Productions, Inc.; and Corporate Treasurer of the Board of Trustees of GMA Kapuso Foundation, Inc.

Yalong was named CFO of the Year by ING FINEX in 2013.

He obtained a Bachelor of Science Degree in Business Administration Major in Accounting from the Philippine School of Business Administration and completed the Management Development Program at the Asian Institute of Management. He is a Certified Public Accountant.

Anna Teresa M. Gozon, Filipino, 45 years old, has been a Director of the Company since 2000. She graduated valedictorian from grade school and high school at Colegio San Agustin. She graduated cum laude, BS Management Engineering from Ateneo de Manila University and obtained her Bachelor of Laws degree from the University of the Philippines where she graduated valedictorian, cum laude. She later obtained her Master of Laws from Harvard University.

She is a junior partner in Belo Gozon Elma Parel Asuncion & Lucila and is an Associate Professor in the University of the Philippines, College of Law where she taught Taxation and Legal History.

She is currently Programming Consultant to the Chairman/CEO of GMA Network, Inc. and the President of GMA Films, Inc. and GMA Worldwide, Inc. She is a trustee of GMA Kapuso Foundation.

Gilberto M. Duavit, Sr., Filipino, 82 years old, was elected to the Company's Board of Directors in 2016.

Atty. Duavit was the founding Chairman of GMA Network, Inc. in 1974-1976 and was a former Director of the Company in 1977. He is one of the pillars behind the rebirth of Republic Broadcasting System (RBS)-TV Channel 7 in the 1970s.

He is currently the Chairman and Chief Executive Officer of Group Management and Development, Inc. and the Chairman of Guronasyon Foundation, Inc., an organization which recognizes remarkable teachers in the province of Rizal.

Atty. Duavit was elected as member of the 9th, 10th, and 11th Congresses, representing the 1st District of Rizal. During his tenure in Congress, he served as Senior Assistant Minority Floor Leader (10th Congress) and Chairman of the House Committee of Appropriations (11th Congress) after becoming a member of the same House Committee (9th and 10th Congress). He had likewise served as a member of various House Committees including Constitutional Amendments, Education and Culture, Housing and Urban Development, Public Works and Highways, and Banks and Financial Intermediaries, and was cited as One of the Ten Most Outstanding Congressmen in the 9th, 10th, and 11th Congresses.

He was also formerly Assistant Executive Secretary for Social, Political, Legal, and Economic Affairs (1966-1970) and Acting Executive Secretary, Office of the President (1969), and was twice awarded the Presidential Merit Award in 1967 and 1968.

Atty. Duavit was a delegate to the 1971 Constitutional Convention, representing the 2nd district of Rizal, and became President of the Philippine Constitutional Association or PHILCONSA (1970). He served as Executive Director of the National Youth and Sports Development Foundation of the Philippines (1978), and as Senior Deputy Minister of the Ministry of Youth and Sports Development (1974-1978). He was also a member of the Batasang Pambasa, representing the Southern Tagalog Region from 1978 to 1984.

Aside from GMA, he was also Chairman/Director of various firms and companies, among them Permastress Industries, Inc., Unistress Concrete Systems, Inc., Sagittarius Condominium Corporation, and Mar Fishing Company, Inc. Atty. Duavit earned his Bachelor of Arts and Law degree from the University of the East Manila, and holds a Doctorate degree in Humanities from the University of Rizal System.

Laura J. Westfall, Filipino, 49 years old, has been a Director of the Company since 2000. She held the following positions in the Company — Senior Vice President of Corporate and Strategic Planning and Senior Vice President for Finance. In addition, she has served as Chairperson and President of GMA New Media. Prior to joining the Company, she worked for BDO Seidman – Los Angeles, an international audit and management consulting firm. She currently holds various positions in the Menarco Group of Companies and serves as Board Member of Coffee Bean and Tea Leaf Philippines, Bronzeoak Clean Energy, Inc., and Museo Pambata

She holds a Masters Degree in Public and Private Management from Yale University and a Bachelor of Science degree in Accounting from the University of Southern California. She is a Certified Public Accountant (CPA) in the State of California.

Chief Justice Artemio V. Panganiban, Filipino, 80 years old, has been an Independent Director of the Company since 2007. In 1995, he was named a Justice of the Supreme Court and in 2005, he was appointed Chief Justice of the Philippines — a position he held until December 2006. At present, he is also an Independent Director of these listed firms: First Philippine Holdings Corp., Metro Pacific Investments Corp., Manila Electric Company, Robinsons Land Corp., GMA Holdings, Inc., Philippine Long Distance Telephone Co., Petron Corporation, Bank of the Philippine Islands, Asian Terminals, and a regular Director of Jollibee Foods Corporation. He is also a Senior Adviser of Metropolitan Bank, Chairman, Board of Advisers of Metrobank Foundation, Adviser of Double Dragon Properties, Chairman of the Board of the Foundation for Liberty and Prosperity, President of the Manila Cathedral Basilica Foundation, Chairman Emeritus of Philippine Dispute Resolution Center, Inc., and Member, Advisory Board of the World Bank (Philippines) and of the Asian Institute of Management Corporate Governance Council. He also is a column writer of The Philippine Daily Inquirer.

Upon his retirement, he was unanimously conferred a Plaque of Acclamation by the Associate Justices of the Supreme Court as the “Renaissance Jurist of the 21st Century;” and an Award of Honor by the Philippine Bar Association. In recognition of his role as a jurist, lawyer, civic leader, Catholic lay worker, business entrepreneur and youth leader, he had been the recipient of over 250 other awards from various governments, civic clubs, consumer associations, bar groups, religious movements and other non-government organizations, both local and international.

He obtained his Associate in Arts, “With Highest Honors” and later his Bachelor of Laws, with cum laude and “Most Outstanding Student” honors from the Far Eastern University. He placed sixth among more than 4,200 candidates who took the 1960 Bar examinations. He is likewise the recipient of several honorary doctoral degrees from various universities.

Dr. Jaime C. Laya, Filipino, 78 years old, has been an independent Director of GMA Network, Inc. since 2007. He is the Chairman and President of Philippine Trust Company (Philtrust Bank), Director of Ayala Land, Inc., Manila Water Company, Inc., and Philippine AXA Life Insurance Company, Inc. He also serves as Chairman of Don Norberto Ty Foundation, Inc. and Escuela Taller de Filipinas Foundation, Inc.; Trustee of St. Paul University - Quezon City, Cultural Center of the Philippines, Metropolitan Museum of Manila, Yuchengco Museum, Fundación Santiago, Inc., Ayala Foundation, Inc., and other foundations. He writes a weekly column for the *Manila Bulletin*.

He was Minister of Budget, 1975-1981; Minister of Education, Culture and Sports, 1984-86; Chairman of the Monetary Board and Governor, Central Bank of the Philippines, 1981-1984;

Chairman, National Commission for Culture and the Arts, 1996-2001. He was faculty member of the University of the Philippines, 1957-1978 and Dean of the College of Business Administration, 1969-1974. In 1986, he founded J.C. Laya & Co., Ltd. (Certified Public Accountants and Management Consultants) later the Philippine member firm of KPMG International; he served as the firm's Chairman until his retirement in 2004.

He earned his BSBA, *magna cum laude*, University of the Philippines, 1957; M.S. in Industrial Management, Georgia Institute of Technology, 1960; Ph.D. in Financial Management, Stanford University, 1966. He is a Certified Public Accountant.

Roberto Rafael V. Lucila, Filipino, 60 years old, was elected as Corporate Secretary of the Company on March 27, 2017. He is a co-managing partner/senior partner of the Law Firm of Belo Gozon Elma Parel Asuncion & Lucila. . He currently sits as director in the Philippine affiliates of certain European and American companies in the Philippines namely, eMerchant Asia Inc., eMerchant Pay Asia Inc., Evonik (Philippines) Inc., Time-Life International (Phil.) Inc. and MeteoGroup Philippines Inc.. He is the Chairman and President of Lucilex, Inc. and the President of Assetlex Development Corporation, Inc., eMerchant Asia Inc., and eMerchant Pay Asia Inc.. He is a Court of Appeals Mediator and serves as a Trainor for the Court of Appeals Mediation Training Program. He is presently a lecturer for Constitutional Law at the University of the Philippines, College of Law and the University of Asia and the Pacific, School of Law and Government. He was also a lecturer at the University of the Philippines College of Business Administration, San Sebastian College Institute of Law and Lyceum College of Law as well as in local and international conferences such as the Integrated Bar of the Philippines (IBP) National Convention in 2010, Avenue Global Investor Conference in 2005, and The Law Association for Asia and the Pacific (LAWASIA) Conference in 1997. He was OIC for the Legal Department of GMA Network, Inc. from 2001 to 2004 and Office of the President of Express Telecommunications, Inc. in 1998. He represented the Avenue Asia Capital Group and Avenue Capital Group as member of the Board of Directors of Citra Metro Manila Tollway Corporation (CMMTC) from 2004 thru 2012.

He served in the Office of the President of the Philippines as Assistant Executive Secretary for Legislation from 1990 to September 1992; Chairman of the Presidential Staff in 1991; Chairman of the Philippine Retirement Authority from 1991 to August 1992; Chairman of the South China Sea Fishery Disputes Committee from 1991 to July 1992; and Board Member of the Special Operations Team (now Bases Conversion Development Authority [BCDA]) in 1991. In the Department of Transportation and Communications, he was a Board Member of the Civil Aeronautics Board from 1990-1991 and of the Philippine National Railways from 1989-1991.

He holds Bachelor of Laws (1980) and Bachelor of Arts in Psychology (1976) degrees from the University of the Philippines. He was admitted to the Philippine Bar in 1981. He has completed the Strategic Business Economics Program (SBEP) from the University of Asia and the Pacific in 1999. He has contributed legal articles for the Supreme Court Reports Annotated (SCRA), The Lawyer's Review, IBP Law Journal and Magazine, World Bulletin, and Getting the Deal

Done, and was the author of the book entitled “Corporate Rehabilitation in the Philippines.” Atty. Lucila has been recognized as one of the 2013 Asialaw Asia-Pacific Leading Lawyers in Dispute Resolution, and as a law professional actively engaged in the areas of Technology Media Telecommunications (TMT) and Insolvency in the Philippines.

Marissa L. Flores, Filipino, 53 years old, is the Senior Vice President for News and Public Affairs, a position she has held since 2004. She joined the Company in 1987 as a researcher for public affairs documentaries and special reports and held the positions of Assistant Vice President for Public Affairs, Vice President for Production – News and Public Affairs before her appointment to her current position.

The Rotary Club of Manila recognized her as Television News Producer of the Year in 1996. In 2004, she was awarded the prestigious TOYM (The Outstanding Young Men) for Broadcast Management. In 2012, she received the CEO Excel Award from the International Association of Business Communicators (IABC) Philippines.

The News and Public Affairs group under Ms. Flores continues to be the recipient of international awards, notably the New York Festivals, US International Film and Video Festival Awards, Asian TV Awards. GMA News and Public Affairs remains as the only Philippine broadcast network which has won the highly-coveted Peabody Award (four Peabody awards as of 2014) — widely considered as broadcasting and cable’s equivalent of the Pulitzer prize.

Besides overseeing news and public affairs programs in GMA Channel 7, it is also under Ms. Flores’ leadership that GMA News Online was put up in 2007, and GMA News TV (GMA Network’s news and public affairs channel on free TV) was launched in February 2011.

She earned her Bachelor’s degree at the University of the Philippines, where she studied Journalism.

Ronaldo P. Mastrili, Filipino, 51 years old, is the Senior Vice President of GMA’s Finance and ICT Departments. He obtained his Bachelor of Science in Business and Economics degree, major in Accounting from De La Salle University. He attended the Master in Business Administration Program from the same university and completed the Executive Development Program of the Asian Institute of Management. He is a Certified Public Accountant with expertise in the fields of accounting, auditing, finance, taxation and general management. He was formerly the Assistant Vice President of Controllership of ABS-CBN and also served as its Group Internal Auditor before joining GMA Network in March 2001. He also worked with SGV and Co. in the early part of his career. Mr. Mastrili concurrently holds key positions in GMA Subsidiaries namely: Comptroller/Chief Accounting Officer of GMA Holdings, Treasurer of Alta Productions, Director of Script2010 and GMA Kapuso Foundation, and Comptroller of GMA Films, GMA Kapuso Foundation and GMA Worldwide.

Lilybeth G. Rasonable, Filipino, 53 years old, is the Senior Vice President of the Entertainment TV Group of GMA Network, Inc. She is mainly responsible for the production of entertainment programs of the Network.

After earning her degree in Broadcast Communication from the University of the Philippines, Ms. Rasonable immediately worked in the broadcasting industry, starting out as a Production Assistant and later on, an Associate Producer of the Intercontinental Broadcasting Company. She likewise worked as Production Coordinator and Executive producer of GMA Network, Inc.

Ms. Rasonable's work experience also included a post as Technical Consultant for Local Production with the Associated Broadcasting Company (ABC-5) and freelance Executive Producer for film and television. After a few years, she rejoined GMA as a Production Manager under its Sales and Marketing Group.

From Program Manager, Ms. Rasonable was promoted to Assistant Vice President for Drama in 2004. As AVP, she was a key figure in the creation of groundbreaking and phenomenal hits such as *Mulawin, Encantadia* and *Darna*, which made the primetime block of GMA invincible and contributed to the unprecedented success of GMA in its quest for leadership in the Philippine broadcasting industry. It was also during her time as AVP for Drama when GMA produced programs that created superstars for the Network and afternoon dramas dramatically rose and established strong presence in their timeslots with breakthrough innovations.

In 2010, Ms. Rasonable was promoted to the position of Vice President, Drama Productions and tasked with the supervision of non-primetime and primetime drama programs of GMA. By February 2012, she took the helm as Officer-in-Charge of the Entertainment TV (ETV) Group. And in December 2013, she received her promotion and appointment as ETV's Senior Vice President.

Elvis B. Ancheta, Filipino, 50 years old, is GMA Network's Senior Vice President and Head of Engineering Group. He is concurrently the Head of Transmission and Regional Engineering Department of the Network.

Engr. Ancheta is a Professional Electronics Engineer and is a member of the Institute of Electronics and Communications Engineers of the Philippines. He was also GMA's principal representative to the Technical Working Group chaired by the National Telecommunications Commission for the drafting of the Digital Terrestrial Television Broadcasting - Implementing Rules and Regulations.

Engr. Ancheta earned his Bachelor of Science in Electronics and Communications Engineering degree from Saint Louis University in Baguio City.

Lizelle G. Maralag, Filipino, 51 years old, is GMA Network's Chief Marketing Officer. She is responsible for driving revenue growth and marketing innovation within all media platforms of the Network, including GMA's TV and radio stations as well as the Network's international channels. Under her leadership, GMA became the only Philippine broadcast company with the most number of local and global marketing awards.

She joined the GMA Network in 2010, after a laudable career as an advertising media professional spanning more than two (2) decades, where she drove to leadership position the top-ranked media agency in the market, Starcom Mediavest Group Phils. Co. Inc. as Managing Director, while concurrently serving as the Chairperson of Publicis Group Media Philippines, overseeing Zenith Optimedia Phils. She continues to hold the record in the media advertising industry for winning the most number of Media Agency of Record pitches when she was Managing Director of Starcom Mediavest Group Philippines, from 2000-2009.

She holds a degree of Bachelor of Science in Statistics at the University of the Philippines, Diliman, and took post graduate studies at the INSEAD in Singapore. She was Founding Co-Chairperson of the Media Specialists Association of the Philippines (2008-2009), Chairman of the Radio Research Council Adjudication & Review Board, was a Director of the TV Research Council, was a part-time instructor at the University of Asia and the Pacific, served as a global juror in the Starcom MediaVest Group Fuel Awards (2004), and a frequent jury member in local and regional advertising and marketing industry awards.

Significant Employees

Although the Company and its key subsidiaries have relied on, and will continue to rely on, the individual and collective contributions of their executive officers and senior operational personnel, the Company and its key subsidiaries are not dependent on the services of any particular employee.

Family Relationships

Gilberto R. Duavit, Jr. is the son of Gilberto M. Duavit, and Joel Marcelo G. Jimenez and Laura J. Westfall are siblings. Anna Teresa M. Gozon-Abrogar is the daughter of Felipe L. Gozon. Felipe L. Gozon's sister, Carolina L. Gozon-Jimenez, is the mother of Joel Marcelo G. Jimenez and Laura J. Westfall.

Involvement in Certain Legal Proceedings

To the best of the Company's knowledge, during the past five years and up to date, there had been no occurrence of any of the following events which are material to an evaluation of the ability or integrity of any director, person nominated to become a director, executive officer, or control person of the Company:

- Any filing of an insolvency or bankruptcy petition by or against any business of which such person was a general partner or executive officer, either at the time of the insolvency or within two years prior to that time;

- Any conviction by final judgment in a criminal proceeding, domestic or foreign, or any pending criminal proceeding, domestic or foreign, of any such person, excluding traffic violations and other minor offenses;
- Any final and executory order, judgment, or decree of any court of competent jurisdiction, domestic or foreign, against any such person, permanently or temporarily enjoining, barring, suspending, or otherwise limiting involvement in any type of business, securities, commodities, or banking activities; and,
- Any final and executory judgment of any such person by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC, or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

Resignation of Directors

Cong. Michael John R. Duavit resigned as Director of the Company in 2016.

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of the Company because of a disagreement with the Company on matters relating to the Company's operations, policies and practices.

Item 10. Executive Compensation

(a) CEO and Top 5 Compensated Executive Officers:

The following are the Company's highest compensated executive officers:

Name and Position	
Felipe L. Gozon	Chairman and CEO
Gilberto R. Duavit, Jr.	President and COO
Felipe S. Yalong	Executive Vice President and Concurrent Group Head, Corporate Services Group and Chief Financial Officer
Marissa L. Flores	Senior Vice President, News and Public Affairs
Lizelle G. Maralag	Chief Marketing Officer, Sales and Marketing Group
Rizalina D. Garduque	Vice President, Sales – News and Public Affairs and Regional TV

	Year	Annual Salaries (in thousands)	13th Month and Bonuses (in thousands)	Total
5 Highest Compensated Officers	2014	101,691.8	40,024.6	141,716.4
	2015	105,700.4	72,452.0	178,152.4
	2016	127,348.3	158,525.0	285,873.2
	2017 (estimate)	132,442.2	164,866.0	297,308.1
Aggregate compensation paid to all officers and	2014	149,809.5	49,676.9	199,486.4
	2015	156,399.9	90,808.5	247,208.4
	2016	196,896.4	197,604.4	394,500.8
	2017 (estimate)	204,772.3	205,508.6	410,280.8

(a) Directors and other Executive Officers

Section 8 of Article IV of the Company's By-Laws provides that as compensation of the directors, the Members of the Board shall receive and allocate yearly an amount of not more than two and a half percent (2.5%) of the net income after income tax of the corporation during the preceding year. Of the said 2.5%, one percent (1%) shall be allocated to the members of the Board of Directors to be distributed share and share alike. The remaining one and a half percent (1.5%) shall be allocated to the members of the Executive Committee to be distributed share and share alike.

Employee Stock Ownership Plan ("ESOP")

The Company has no outstanding options or warrants held by its CEO, the named executive officers, and all officers and directors as a group.

Item 11. Security Ownership of Certain Beneficial Owners and Management

The security ownership of certain record and beneficial owners of more than 5% as of March 31, 2017 are as follows:

Title Of class	Name and Address of Beneficial Owner	Citizenship	Record / Beneficial	No. of shares Held	Percent Owned
Common	GMA Holdings, Inc. [6] Unit 5D Tower One, One McKinley Place, Bonifacio Global City	Filipino	PCD Nominee Corporation	815,392,400	24.23%

[6] The Board of Directors of GMA Holdings, Inc. has the power to decide how the shares owned in the Company are to be voted and has authorized Felipe L. Gozon and/or Gilberto R. Duavit, Jr. to vote on the company's shares in GMA Network, Inc.

Common	Group Management & Development Inc. [7] No. 5 Wilson St., San Juan, Metro Manila	Filipino	The Record Owner is the Beneficial Owner	789,813,389	23.47%
Common	FLG Management & Development Corporation[8] Unit 2, 2/F, Building 2, 9th Avenue, Bonifacio Global City, Taguig, Metro Manila	Filipino	The Record Owner is the Beneficial Owner	677,213,227	20.13%
Common	M.A. Jimenez Enterprises, Inc. 2/F Sagittarius Condominium, H. V. De la Costa St., Salcedo Village, Makati City[9]	Filipino	The Record Owner is the Beneficial Owner	453,882,095	13.49%
Common	Television International Corporation[10] 2/F Sagittarius Condominium, H. V. De la Costa St., Salcedo Village, Makati City	Filipino	The Record Owner is the Beneficial Owner	334,378,037	9.94%
Total Common Shares				**3,070,679,148**	**91.26%**
Preferred	Group Management & Development Inc. No. 5 Wilson St., San Juan, Metro Manila	Filipino	The Record Owner is the Beneficial Owner	2,625,805,308	35.01%

[7] The Board of Directors of Group Management & Development, Inc. has authorized Gilberto R. Duavit, Jr. to vote on the common and preferred shares of the company in GMA Network, Inc.

[8] The Board of Directors of FLG Management & Development Corporation has authorized Felipe L. Gozon to vote on the common and preferred shares of the company in GMA Network, Inc.

[9] The Board of Directors of M.A. Jimenez Enterprises, Inc. has authorized Joel Marcelo G. Jimenez and/or Laura J. Westfall to vote on the common and preferred shares of the company in GMA Network, Inc.

[10] The Board of Directors of Television International Corporation has authorized Joel Marcelo G. Jimenez and/or Laura J. Westfall to vote on the common and preferred shares of the company in GMA Network, Inc.

Preferred	FLG Management & Development Corporation Unit 2, 2/F, Building 2, 9th Avenue, Bonifacio Global City, Taguig, Metro Manila	Filipino	The Record Owner is the Beneficial Owner	2,181,898,644	29.09%
Preferred	M.A. Jimenez Enterprises, Inc. 2/F Sagittarius Condominium, H. V. De la Costa St., Salcedo Village, Makati City	Filipino	The Record Owner is the Beneficial Owner	1,508,978,826	20.12%
Preferred	Television International Corporation 2/F Sagittarius Condominium, H. V. De la Costa St., Salcedo Village, Makati City	Filipino	The Record Owner is the Beneficial Owner	1,111,661,610	14.82%
Total Preferred Shares **7,428,344,388** **99.04%**					

GMA Holdings, Inc. is 99% owned by Gilberto R. Duavit, Jr., Felipe L. Gozon and Joel Marcelo G. Jimenez. The shares of the Company owned by GMA Holdings, Inc. are covered by Philippine Deposit Receipts (“PDRs”) which give each PDR holder the right to the delivery or sale of the underlying share. The PDRs are listed with the Philippine Stock Exchange.

Group Management and Development, Inc., FLG Management and Development Corporation, M.A. Jimenez Enterprises, Inc. and Television International Corporation are significant shareholders of the Company.

Security Ownership of Management as of March 31, 2017:

As of March 31, 2017, the Company’s directors and senior officers owned an aggregate of 6,529,542 common shares of the Company, equivalent to 0.194% of the Company’s issued and outstanding common capital stock and 27,294 preferred shares equivalent to 0.00% of the Company’s issued and outstanding preferred capital stock.

Stockholder Name	Position	Citizenship	Record / Beneficial (R/B)	No. of Common Shares Held	Percent of Common Shares	No. of Preferred Shares Held	Percent of Preferred Shares
Anna-Teresa M. Gozon	Director/Assistant Corporate Secretary	Filipino	R/B	529,003	0.01%	6	0.00%
Gilberto R. Duavit Jr.	Director/Pres. and COO	Filipino	R/B	4,007,005	0.11%	12	0.00%

Felipe L. Gozon	Director/Chairman and CEO	Filipino	R/B	3,181	0.00%	26,880	0.00%
Joel Marcelo G. Jimenez	Director	Filipino	R/B	325,003	0.01%	6	0.00%
Gilberto M. Duavit	Director	Filipino	R/B	8,345	0.00%	20,028	0.00%
Laura J. Westfall	Director	Filipino	R/B	2	0.00%	6	0.00%
Felipe S. Yalong	Director/Executive Vice-President/Chief Financial Officer	Filipino	R/B	1,025,002	0.03%	6	0.00%
Jaime C. Laya	Independent Director	Filipino	R/B	450,000	0.0087%	0	0.00%
Artemio V. Panganiban	Independent Director	Filipino	R/B	1	0.00%	0	0.00%
Marissa L. Flores	Senior Vice President – News and Public Affairs	Filipino		0	0.00%	0	0.00%
Ronaldo P. Mastrili	Senior Vice President – Finance and ICT	Filipino	R/B	182,000	0.0054%	0	0.00%
Lilybeth G. Rasonable	Senior Vice President – Entertainment TV	Filipino	R/B	0	0.00%	0	0.00%
Elvis B. Ancheta	Senior Vice President and Head, Engineering Group; Head, Transmission and Regional Engineering Department	Filipino		0	0.00%	0	0.00%
Lizelle G. Maralag	Chief Marketing Officer	Filipino		0	0.00%	0	0.00%

<u>Voting Trust Holders of 5% or more</u>

The Company is unaware of any persons holding more than 5% of shares under a voting trust or similar agreement.

Changes in Control

There are no existing provisions in the Articles of Incorporation or the By-Laws of the Company which will delay, defer or in any manner prevent a change in control of the Company. There have been no arrangements which have resulted in a change in control of the Company during the period covered by this report.

Item 12. Certain Relationships and Related Transactions

Advances to Affiliates

The Company has, from time to time, made advances to certain of its affiliates. The advances are non-interest bearing.

The Company made advances to Mont-Aire in the amount of P121.4 million as of December 31, 2004. Of such advances, the Company converted the amount of P38.3 million into P38.3 million worth of common shares of Mont-Aire. Simultaneously, the other shareholders of Mont-Aire, namely, Group Management and Development, Inc., Television International Corporation and FLG Management and Development Corporation converted advances in the aggregate amount of P23.5 million made by them to Mont-Aire into P23.5 million worth of common shares of Mont Aire. The SEC approved the conversion of the advances into equity on February 17, 2006. The Company owns 49% of Mont-Aire, with the remaining 51% being owned by the Duavit family, Gozon family and Jimenez family. Mont-Aire is a real estate holding company whose principal property is a 5.3 hectare property located in Tagaytay, Cavite. Such property is not used in the broadcasting business of the Company. As of December 31, 2016 and 2015, Mont-Aire has had advances owing to the Company in the amount of P87.9 million and P87.6 million, respectively. Please see Note 20 of the Company's financial statements.

Agreements with RGMA Network, Inc. ("RGMA")

The Company has an existing agreement with RGMA for the latter to provide general management, programming and research, events management, on-air monitoring of commercial placements, certificates of performance, billing and collection functions, and local sales service for the 25 radio stations of the Company. RGMA is paid management and marketing fees based on billed sales. Please see Note 20 of the Company's financial statements.

Agreements with GMA Marketing and Productions, Inc. ("GMA Marketing")

The Company entered into a marketing agreement with its wholly-owned subsidiary, GMA Marketing wherein GMA Marketing agreed to sell television advertising spots and airtime in exchange for which GMA Marketing will be entitled to a marketing fee and commission. Apart from this, the Company likewise engaged the services of GMA Marketing to handle and mount promotional events as well as to manage the encoding, scheduling of telecast/broadcast placements and subsequent monitoring of sales implementations for which GMA Marketing is paid a fixed monthly service fee. In 2016, GMA Marketing operations were integrated to the Company. Please see Note 20 of the Company's financial statements.

Belo Gozon Elma Parel Asuncion & Lucila Law Office

The Company and the law firm of Belo Gozon Elma Parel Asuncion & Lucila entered into a retainer agreement in 1993 under which Belo Gozon Elma Parel Asuncion & Lucila was engaged by the Company as its external counsel. As such external counsel, Belo Gozon Elma Parel Asuncion & Lucila handles all cases and legal matters referred to it by the Company. Other than Felipe L. Gozon, who is part of the Gozon Family, one of the principal shareholders of the Company, and director of the Company since 1975, some of the lawyers of Belo Gozon Elma Parel Asuncion & Lucila eventually assumed certain positions and functions in the Company either in their individual capacities or as part of the functions of Belo Gozon Elma Parel Asuncion & Lucila as the Company's external counsel. Please see Note 20 of the Company's financial statements.

Item 13. Corporate Governance

Please refer to the Annual Corporate Governance Report of the Company as of 2015.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

Exhibit 1 - Financial Statements

(b) Reports on SEC Form 17-C

- 17C - Results of the January 28, 2016 Board Meeting – filed on January 28, 2016
- Change in Directors and/or Officers – Election of LGM as Senior Vice-President filed on January 28, 2016
- 17C – Clarification of News Report The Standard (Internet Edition) "GMA Network's 2015 net income doubled to P2b" dated February 11, 2016 filed on February 12, 2016
- Results of Special Board Meeting filed on April 8, 2016
- Declaration of Cash Dividends filed on April 8, 2016

- Declaration of Cash Dividends (Amendment) filed on April 8, 2016
- Press Release – “GMA Network declares P1.944 cash dividends” filed on April 11, 2016
- Press Release – “GMA Network caps off 2015 with 111 percent increase in net income” filed on April 15, 2016
- Notice of Annual Stockholders’ Meeting (Amendment – to reflect the Agenda) filed on April 22, 2016
- Notice of Analysts’/Investors’ Briefing filed on April 25, 2016
- Press Release “GMA Network net income soars 148 percent in first quarter of 2016” and additional disclosures made during the financial briefing filed on May 5, 2016
- Presentation Materials used during the financial briefing filed on May 5, 2016
- Results of ASM filed on May 18, 2016
- Results of Organizational Meeting of the Board of Directors filed on May 18, 2016
- Clarification of News Report (Manila Bulletin Internet Edition “GMA Investing up to P1.5B to go digital”) filed on May 19, 2016
- Change in Directors and/or Officers – Resignation of MJRD from the Board filed on June 20, 2016
- Change in Directors and/or Officers – Election of GMD to the Board filed on July 28, 2016
- Change in Directors and/or Officers – (Amended to include the shareholdings of GMD) filed on August 1, 2016
- Presentation Materials used during the 2Q Financial briefing filed on August 8, 2016
- Press Release “GMA Network’s net income for first six months of 2016 jumps 116 percent” filed on August 8, 2016
- Press Release – “ GMA Network, APT team up with Hollywood film producers” filed on September 13, 2016
- Results of the BOD meeting (election of JRD as a member of the Compensation and Remuneration Committee) filed on November 17, 2016
- Press Release – GMA Network to initially spend P416 million on DTV transmission facilities filed on December 6, 2016
- Press interview with Atty. Gozon filed on December 16, 2016

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of QUEZON CITY on 11 APR 2017 ~~2017~~

By:

FELIPE L. GOZON
Principal Executive Officer

RONALDO P. MASTRILI
Comptroller /Principal Accounting Officer

GILBERTO R. DUAVIT, JR.
Principal Operating Officer

FELIPE S. YALONG
Principal Financial Officer

ROBERTO RAFAEL V. LUCILA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____ day of 11 APR 2017 affiants exhibiting to me their Passport/Driver's License Numbers, as follows:

Names	Passport No.	Date of Issue	Place of Issue
Felipe L. Gozon	EB7372600	Feb. 13, 2013	DFA, Manila
Gilberto R. Duavit, Jr.	SSS# 33-1841930		
Felipe S. Yalong	EB7528245	Mar 1, 2013	DFA, Manila
Ronaldo P. Mastrili	Driver's License Nc	N15-83-035933	
Roberto Rafael V. Lucila	SSS# 110-342-597		

NOTARY PUBLIC

JONNA O. GUIANG
NOTARY PUBLIC
UNTIL DECEMBER 31, 2017
Adm. Matter No. NP-161 (2015-2017)
GMA Network Center, Timog Ave.
Cor. EDSA, Diliman, Q.C.
MCLE No. IV-00193061;04-14-16
PTR No. 3723121; 01-09-17; Q.C.
IBP No. 1061298; 01-09-17; PANG.
Roll No. 50741

Doc. No. 497
Page No. 101
Book No. IV
Series of 2017

GMA
NETWORK

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

March 27, 2017

Securities and Exchange Commission
SEC Building, EDSA Greenhills
Mandaluyong, Metro Manila

The management of GMA Network, Inc. and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements as at December 31, 2016 and 2015 and for each of the three years in the period ended December 31, 2016, including the schedules attached therein, in accordance with the Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders, has audited the consolidated financial statements of GMA Network, Inc. and Subsidiaries in accordance with the Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

FELIPE L. GOZON
Chairman of the Board
Chief Executive Officer

GILBERTO R. DUAVIT, JR.
President
Chief Operating Officer

FELIPE S. YALONG
Executive Vice President
Chief Financial Officer

SUBSCRIBED AND SWORN to before me this 12 day of APR 2017 at QUEZON CITY affiants exhibited to me their (Felipe L. Gozon) TIN 106-174-605, (Gilberto R. Duavit, Jr.) TIN 158-147-748 and (Felipe S. Yalong) TIN 102-874-052.

... O. GUIANG
NOTARY PUBLIC
UNTIL DECEMBER 31, 2017
Adm. Matter No. NP-161 (2015-...
GMA Network Center, Timog ...
Cor. EDSA, Diliman, Q.C.
MCLE No. IV-00193061;04-1...
PTR No. 3723121; 01-09-17; ...
IBP No. 1061298; 01-09-17; ...
Roll No. 50741

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GMA NETWORK, INC.
GMA Network Center, EDSA cor. Timog Ave., Diliman, Quezon City, 1103, Philippines
Telephone No.: (632) 982-7777

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

5 2 1 3

C O M P A N Y   N A M E

G M A   N E T W O R K ,   I N C .   A N D   S U B S I D I A R I E S

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

G M A   N e t w o r k   C e n t e r ,   T i m o g   A v e n u e   c o r n e r   E D S A ,   Q u e z o n   C i t y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A C F S	–	Not Applicable

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
	982-7777	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,684	5/18	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Felipe S. Yalong	FSY@gmanetwork.com	928-5133	–

CONTACT PERSON's ADDRESS

GMA Network Center, Timog Avenue corner EDSA, Quezon City

NOTE 1 : *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.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
GMA Network, Inc. and Subsidiaries
GMA Network Center
Timog Avenue corner EDSA
Quezon City

Opinion

We have audited the consolidated financial statements of GMA Network, Inc. (the Company) and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2016 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

(1) Legislative Franchise

The Company 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. As discussed in Note 1 to the consolidated financial statements, the franchise expiry date will be on May 12, 2017 and on March 23, 2017, House Bill No. 4631, which seeks to renew the franchise, became an Enrolled Bill and was endorsed to the Office of the President for his approval. The core operation of the Company depends on the renewal of the franchise and therefore is a key determinant of the Company's ability to continue as a going concern. We consider this as a key audit matter because the Company's assessment on the potential outcome of the franchise renewal and the potential impact to the Company's operations, financial position and performance requires a significant level of judgment.

Refer to Note 1 for the details and status of renewal of the franchise and Note 4 for a discussion of management's judgment with respect to the matter.

Audit response

Our audit procedures included, among others: understanding the legislative process of renewing the franchise, reviewing the franchise-related documents, and examining public reports about the status of the renewal. We obtained management's and their external legal counsel's assessment on the (a) potential outcome of the franchise renewal and underlying basis; (b) potential impact of the expiration of the franchise on the Company's operations and financial condition, and management's legal position. We involved our internal specialist in the evaluation of management's assessment. We also reviewed the Company's disclosures on this matter.

(2) Advertising Revenue Recognition

The Group derives a significant portion of its revenue from advertising, which represents 91% of the consolidated revenue for the year ended December 31, 2016. This matter is significant to our audit because of (a) the significance of the amount and the large volume of transactions processed daily; (b) the highly automated airtime revenue process with multiple information technology (IT) interfaces from initiation to reporting; and (c) the different rates applicable depending on the time slot advertisements are aired, adjusted by discounts granted by the Group on a case-by-case basis as indicated in the telecast orders; and (d) variations in the timing of billings, which are made depending on when the advertisements are aired.

See Note 3 to the consolidated financial statements for the Group's revenue recognition policy and Note 21 for details about the Group's net revenues.

Audit response

We assessed the appropriateness of the Group's airtime revenue recognition policy based on relevant accounting standards. We updated our understanding of the Group's advertising revenue process and tested the relevant internal controls. We involved our internal specialists in testing the IT controls. We tested the rates applied to billings against the rates on the telecast orders and the billable airtime against certificates of performance generated when the advertisements were aired, after which we recomputed the billed amounts. In addition, we tested transactions taking place before and after year-end to ensure that advertising revenues are recognized in the correct period.

(3) Recoverability of Receivables

The Group's receivables consist mainly of receivables from advertisers, which accounts for 30% of total consolidated assets. The appropriateness of the provision for doubtful accounts on these receivables is a key area requiring judgment and estimates from the management. The Group determines the allowance for doubtful accounts based on impairment assessments of individual advertiser balances. Individual balances for which there is no objective evidence of impairment are assessed collectively by applying a loss rate determined based on a five-year average of historical losses. The individual impairment assessment is an inherently uncertain process involving various assumptions and factors about the financial condition of the advertiser, estimates of amounts still collectible and, for the collective assessment, the loss rate used. These assumptions could be significantly different from actual credit losses.

See Note 3 to the consolidated financial statements for the Group's policy on impairment of receivables, Note 7 for details about the Group's receivables and allowance for doubtful accounts and Note 30 on the credit risks on receivables.

Audit response

We obtained an understanding of the Group's process of assessing the recoverability of receivables and calculating the allowance for doubtful accounts. For the provision for doubtful accounts calculated on an individual basis, we selected a sample of impaired receivables and obtained an understanding of the advertisers' financial condition. We also tested the assumptions underlying the impairment identification and the quantification of the recoverable amount. This was done by checking the payment history or collection experience of the customer, including payments made subsequent to year-end, the length of the Group's relationship with customers, customers' current credit status and average age of accounts.

For provision for doubtful accounts calculated on a collective basis, we tested management's calculation and management's inputs to the calculation, including the historical loss rate. This was done by comparing the details of the receivables information used in the calculation of loss rates to the Group's records and subsidiary ledgers, validating the delinquency age buckets of the receivables and re-performing the calculation of the provision for doubtful accounts.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor’s report is Marydith C. Miguel.

SYCIP GORRES VELAYO & CO.

Marydith C. Miguel

Marydith C. Miguel
Partner
CPA Certificate No. 65556
SEC Accreditation No. 0087-AR-4 (Group A),
May 1, 2016, valid until May 1, 2019
Tax Identification No. 102-092-270
BIR Accreditation No. 08-001998-55-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5908731, January 3, 2017, Makati City

March 27, 2017

GMA NETWORK, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 30)	**₱3,419,014,205**	₱2,160,298,125
Trade and other receivables (Notes 7, 20, and 30)	**5,270,306,881**	4,384,198,602
Program and other rights (Note 8)	**1,060,631,509**	1,192,607,228
Prepaid expenses and other current assets (Note 9)	**833,817,514**	1,069,029,207
Total Current Assets	**10,583,770,109**	8,806,133,162
Noncurrent Assets		
Property and equipment:		
At cost (Note 12)	**2,776,484,984**	3,127,843,301
At revalued amounts (Note 13)	**1,805,146,475**	1,802,522,857
Available-for-sale financial assets (Notes 10, 30 and 31)	**243,391,881**	191,116,881
Investments and advances (Notes 11 and 20)	**150,835,949**	147,652,576
Investment properties (Notes 14 and 31)	**53,314,111**	55,548,001
Deferred income tax assets - net (Note 28)	**291,512,030**	185,462,919
Other noncurrent assets (Notes 15, 30 and 31)	**154,319,976**	99,262,238
Total Noncurrent Assets	**5,475,005,406**	5,609,408,773
TOTAL ASSETS	**₱16,058,775,515**	₱14,415,541,935

LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans (Notes 17 and 30)	**₱646,360,000**	₱1,152,970,000
Trade payables and other current liabilities (Notes 16, 20, and 30)	**2,441,945,601**	2,190,657,499
Income tax payable	**496,104,301**	359,645,980
Obligations for program and other rights (Notes 18 and 30)	**76,847,692**	220,843,041
Dividends payable (Note 30)	**12,705,059**	10,873,177
Total Current Liabilities	**3,673,962,653**	3,934,989,697
Noncurrent Liabilities		
Pension liability (Note 26)	**1,644,323,747**	1,102,714,871
Other long-term employee benefits (Notes 26)	**284,556,515**	295,717,251
Total Noncurrent Liabilities	**1,928,880,262**	1,398,432,122
Total Liabilities	**5,602,842,915**	5,333,421,819

(Forward)

	December 31	
	2016	2015
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 19)	**₱4,864,692,000**	₱4,864,692,000
Additional paid-in capital	**1,659,035,196**	1,659,035,196
Revaluation increment on land - net of tax (Note 13)	**1,017,247,029**	1,017,247,029
Remeasurement loss on retirement plans - net of tax	**(664,042,118)**	(300,486,170)
Net unrealized loss on available-for-sale financial assets - net of tax (Note 10)	**(10,113,681)**	(59,671,681)
Retained earnings (Note 19)	**3,574,757,302**	1,892,306,756
Treasury stocks (Note 19)	**(28,483,171)**	(28,483,171)
Underlying shares of the acquired Philippine Deposit Receipts (Note 19)	**(5,790,016)**	(5,790,016)
Total Equity Attributable to Equity Holders of the Parent Company	**10,407,302,541**	9,038,849,943
Equity Attributable to Non-controlling Interests (Note 2)	**48,630,059**	43,270,173
Total Equity	**10,455,932,600**	9,082,120,116
TOTAL LIABILITIES AND EQUITY	**₱16,058,775,515**	₱14,415,541,935

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2016	2015	2014
NET REVENUES (Note 21)	**₱16,673,380,502**	₱13,727,094,669	₱11,982,888,346
PRODUCTION COSTS (Note 22)	**6,544,892,156**	5,842,585,068	5,551,782,964
GROSS PROFIT	**10,128,488,346**	7,884,509,601	6,431,105,382
GENERAL AND ADMINISTRATIVE EXPENSES (Note 23)	**5,052,086,625**	4,902,372,023	5,021,969,892
OTHER INCOME (EXPENSE) - NET			
Interest income (Note 6)	**23,650,808**	13,655,810	15,640,942
Net foreign currency exchange gain (loss)	**21,044,145**	(33,533,918)	(12,972,272)
Interest expense (Notes 17 and 18)	**(16,905,154)**	(40,534,078)	(34,258,441)
Equity in net earnings (losses) of joint ventures (Note 11)	**2,758,875**	(3,113,716)	5,338,761
Others - net (Note 25)	**100,865,087**	117,553,460	74,569,595
	131,413,761	54,027,558	48,318,585
INCOME BEFORE INCOME TAX	**5,207,815,482**	3,036,165,136	1,457,454,075
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 28)			
Current	**1,510,923,590**	954,898,842	513,917,294
Deferred	**50,296,632**	(44,562,213)	(65,982,463)
	1,561,220,222	910,336,629	447,934,831
NET INCOME	**3,646,595,260**	2,125,828,507	1,009,519,244
OTHER COMPREHENSIVE INCOME (LOSS) - net of tax			
Item to be reclassified to profit or loss in subsequent periods -			
Net changes in the fair market value of available-for-sale financial assets (Note 10)	**49,725,000**	(60,440,000)	770,788
Recycling of fair value change of certain available-for-sale financial assets due to impairment and redemption (Note 10)	–	(5,241,820)	1,370,300
Income tax effect	**(167,000)**	990,364	(204,500)
	49,558,000	(64,691,456)	1,936,588
Items not to be reclassified to profit or loss in subsequent periods:			
Revaluation decrement on land (Note 13)	–	–	(5,587,193)
Remeasurement gain (loss) on retirement plans - net of income tax effect(Note 26)	**(365,196,401)**	12,842,500	(285,493,068)
	(315,638,401)	(51,848,956)	(289,143,673)
TOTAL COMPREHENSIVE INCOME	**3,330,956,859**	2,073,979,551	₱720,375,571
Net income attributable to:			
Equity holders of the Parent Company	**₱3,626,334,921**	₱2,115,082,277	₱1,004,651,016
Non-controlling interest (Note 2)	**20,260,339**	10,746,230	4,868,228
	₱3,646,595,260	₱2,125,828,507	₱1,009,519,244
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**₱3,312,331,874**	₱2,063,233,321	₱714,300,986
Non-controlling interest (Note 2)	**18,624,985**	10,746,230	6,074,585
	₱3,330,956,859	₱2,073,979,551	₱720,375,571
Basic / Diluted Earnings Per Share (Note 29)	**₱0.746**	₱0.435	₱0.207

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity Attributable to Equity Holders of the Parent Company										
	Capital Stock (Note 19)	**Additional Paid-in Capital**	**Revaluation Increment on Land** - Net of Tax (Note 13)	**Remeasurement Loss on Retirement Plans** - Net of Tax (Note 26)	**Net Unrealized Gain (Loss) on Available-for-sale Financial Assets** - Net of Tax (Note 10)	**Retained Earnings** (Note 19)	**Treasury Stocks** (Note 19)	**Underlying Shares of the Acquired Philippine Deposit Receipts** (Note 19)	**Total Equity Attributable to Parent Company**	**Non-controlling Interest** (Note 2)	**Total Equity**
Balances at January 1, 2016	**₱4,864,692,000**	**₱1,659,035,196**	**₱1,017,247,029**	**(₱300,486,170)**	**(₱59,671,681)**	**₱1,892,306,756**	**(₱28,483,171)**	**(₱5,790,016)**	**₱9,038,849,943**	**₱43,270,173**	**₱9,082,120,116**
Total comprehensive income:											
Net income	–	–	–	–	–	**3,626,334,921**	–	–	**3,626,334,921**	**20,260,339**	**3,646,595,260**
Other comprehensive income (loss)	–	–	–	**(363,555,948)**	**49,558,000**	–	–	–	**(313,997,948)**	**(1,640,453)**	**(315,638,401)**
Cash dividends - ₱0.73 a share (Note 19)	–	–	–	–	–	**(1,943,884,375)**	–	–	**(1,943,884,375)**	–	**(1,943,884,375)**
Cash dividends to non-controlling interest	–	–	–	–	–	–	–	–	–	**(13,260,000)**	**(13,260,000)**
Balances at December 31, 2016	**₱4,864,692,000**	**₱1,659,035,196**	**₱1,017,247,029**	**(₱664,042,118)**	**(₱10,113,681)**	**₱ 3,574,757,302**	**(₱28,483,171)**	**(₱5,790,016)**	**₱10,407,302,541**	**₱48,630,059**	**₱10,455,932,600**
Balances at January 1, 2015	₱4,864,692,000	₱1,659,035,196	₱1,017,247,029	(₱313,328,670)	₱5,019,775	₱992,079,088	(₱28,483,171)	(₱5,790,016)	₱8,190,471,231	₱42,723,943	₱8,233,195,174
Total comprehensive income:											
Net income	–	–	–	–	–	2,115,082,277	–	–	2,115,082,277	10,746,230	2,125,828,507
Other comprehensive income (loss)	–	–	–	12,842,500	(64,691,456)	–	–	–	(51,848,956)	–	(51,848,956)
Cash dividends - ₱0.25 a share (Note 19)	–	–	–	–	–	(1,214,854,609)	–	–	(1,214,854,609)	–	(1,214,854,609)
Cash dividends to non-controlling interest	–	–	–	–	–	–	–	–	–	(10,200,000)	(10,200,000)
Balances at December 31, 2015	₱4,864,692,000	₱1,659,035,196	₱1,017,247,029	(₱300,486,170)	(₱59,671,681)	₱1,892,306,756	(₱28,483,171)	(₱5,790,016)	₱9,038,849,943	₱43,270,173	₱9,082,120,116
Balances at January 1, 2014	₱4,864,692,000	₱1,659,035,196	₱1,021,158,064	(₱24,953,087)	₱3,083,187	₱1,299,681,650	(₱28,483,171)	(₱5,790,016)	₱8,788,423,823	₱36,649,358	₱8,825,073,181
Total comprehensive income:											
Net income	–	–	–	–	–	1,004,651,016	–	–	1,004,651,016	4,868,228	1,009,519,244
Other comprehensive income (loss)	–	–	(3,911,035)	(288,375,583)	1,936,588	–	–	–	(290,350,030)	1,206,357	(289,143,673)
Cash dividends - ₱0.27 a share (Note 19)	–	–	–	–	–	(1,312,253,578)	–	–	(1,312,253,578)	–	(1,312,253,578)
Balances at December 31, 2014	₱4,864,692,000	₱1,659,035,196	₱1,017,247,029	(₱313,328,670)	₱5,019,775	₱992,079,088	(₱28,483,171)	(₱5,790,016)	₱8,190,471,231	₱42,723,943	₱8,233,195,174

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱5,207,815,482**	₱3,036,165,136	₱1,457,454,075
Non-cash adjustments to reconcile income before income tax to net cash flows:			
Program and other rights usage (Notes 8 and 22)	**836,176,965**	754,638,743	646,680,799
Depreciation (Notes 12, 14, 22 and 23)	**723,598,772**	800,272,014	776,525,812
Pension expense (Note 26)	**227,546,241**	166,938,102	163,016,525
Net unrealized foreign currency exchange loss (gain)	**(48,144,387)**	24,267,569	12,357,814
Gain on sale of property and equipment (Note 25)	**(29,717,284)**	(19,962,498)	(32,321,569)
Provisions for doubtful accounts (Notes 7 and 23)	**25,151,364**	8,581,859	715,495
Interest income (Note 6)	**(23,650,808)**	(13,655,810)	(15,640,942)
Amortization of software costs (Notes 15 and 23)	**17,173,566**	20,680,531	23,369,011
Interest expense (Notes 17 and 18)	**16,905,154**	40,534,078	34,258,441
Equity in net losses (earnings) of joint ventures (Note 11)	**(2,758,875)**	3,113,716	(5,338,761)
Dividend income (Note 25)	**(2,550,000)**	–	(514,942)
Gain on disposal of asset held for sale (Notes 10 and 25)	**–**	(23,567,528)	–
Recycling of fair value change of certain available for-sale financial assets due to redemption (Notes 10 and 25)	–	(6,601,820)	–
Impairment loss on available-for-sale financial assets (Notes 10 and 23)	–	1,360,000	1,370,300
Loss on asset disposed/written off (Note 25)	–	1,113,094	3,624,011
Loss on redemption of available-for-sale financial assets (Note 25)	–	147,380	–
Gain on sale of investment properties (Note 25)	–	–	(396,813)
Working capital adjustments:			
Decreases (increases) in:			
Trade and other receivables	**(889,975,687)**	(126,593,181)	(933,327,414)
Program and other rights (Note 8)	**(704,201,246)**	(748,975,262)	(635,722,227)
Prepaid expenses and other current assets	**235,211,693**	29,693,093	(331,402,718)
Short-term investments	–	–	7,874,002
Increases (decreases) in:			
Trade payables and other current liabilities	**251,980,261**	229,032,100	150,800,771
Obligations for program and other rights	**(143,634,530)**	99,116,704	(51,500,114)
Other long-term employee benefits	**(11,160,736)**	36,704,272	12,240,548
Contributions to retirement plan assets (Note 26)	**(200,000,000)**	(172,681,390)	(17,595,626)
Benefits paid out of Group's own funds	**(7,646,509)**	(34,475,464)	–
Cash flows provided by operations	**5,478,119,436**	4,105,845,438	1,266,526,478
Interest received	**21,769,542**	13,444,879	15,886,283
Income taxes paid	**(1,384,682,174)**	(656,906,736)	(619,881,084)
Net cash flows from operating activities	**4,115,206,804**	3,462,383,581	662,531,677
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Note 12)	**(444,383,976)**	(552,797,608)	(563,896,491)
Land at revalued amount (Note 13)	**(2,623,618)**	(2,809,999)	–
Software costs (Note 15)	**(454,017)**	(2,170,075)	(21,632,058)
Investment properties (Note 14)	**(43,811)**	(105,411)	(3,299,279)
Proceeds from:			
Sale of property and equipment	**33,113,635**	21,823,934	38,540,596
Redemption of available-for-sale financial assets	–	718,000	
Sale of investment properties	–	–	2,200,001

(Forward)

	Years Ended December 31		
	2016	2015	2014
Decreases (increases) in other noncurrent assets	**₱9,464,489**	(₱1,404,305)	(₱2,510,978)
Advances to an associate and joint ventures (Notes 11 and 20)	**(424,498)**	(2,828,748)	(3,134,845)
Cash dividends received	–	–	65,902
Net cash flows used in investing activities	**(405,351,796)**	(539,574,212)	(553,667,152)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of short-term loans (Note 17)	**500,000,000**	1,200,000,000	2,191,559,000
Payments of:			
Cash dividends (Notes 2 and 19)	**(1,955,312,493)**	(1,223,879,467)	(1,311,424,172)
Short-term loans (Note 17)	**(1,017,624,500)**	(2,325,197,500)	(1,106,824,000)
Interest expense	**(17,597,313)**	(43,199,728)	(35,317,535)
Net cash flows used in financing activities	**(2,490,534,306)**	(2,392,276,695)	(262,006,707)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,219,320,702**	530,532,674	(153,142,182)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**39,395,378**	30,939,931	2,336,506
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,160,298,125**	1,598,825,520	1,749,631,196
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱3,419,014,205**	₱2,160,298,125	₱1,598,825,520

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Information**

GMA Network, Inc. (GNI or the Parent Company) and its subsidiaries (collectively referred to as "the Group") are incorporated in the Philippines. The Group is primarily involved in the business of radio and television broadcasting. The Group is also involved in film production and other information and entertainment-related businesses. The registered office address of the Parent Company is GMA Network Center, Timog Avenue corner EDSA, Quezon City. The Parent Company was registered with the Philippine Securities and Exchange Commission (SEC) on June 14, 1950. On July 20, 1995, the Board of Directors (BOD) approved the extension of the corporate term of the Parent Company for another 50 years from June 14, 2000. In 1997, the SEC approved the said extension.

The Parent Company's shares of stock are publicly listed and traded in the Philippine Stock Exchange.

The Parent Company 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 was approved on March 20, 1992 for a period of 25 years and was published on the Official Gazette on April 27, 1992. The franchise became effective 15 days from the date of publication in the Official Gazette, thus, franchise expiry date will be on May 12, 2017.

On December 7, 2016, House Bill No. 4631, which seeks to renew GMA's franchise was filed. The key provisions of the franchise renewal under House Bill No.4631 are as follows:

1. Allows continued broadcast operations of GMA, maintenance of its radio and TV stations in the Philippines and its expansion, including digital television system;
2. Provides another franchise term of twenty-five (25) years;
3. Requires the grantee to provide government adequate public service time to enable it to reach the population on important public issues and assist in the functions of public information and education;
4. Prohibits the grantee from leasing, transferring, selling nor assigning the franchise or controlling interest thereof without the prior approval of the Congress of the Philippines; and
5. Requires the grantee to submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of the franchise and its operation on or before April 30 of every year during the term of the franchise.

On March 23, 2017, House Bill 4631 became an Enrolled Bill (the "Enrolled Bill") and was endorsed to the Office of the President for his approval. As of March 27, 2017, the President has not acted on the Enrolled Bill. The Enrolled Bill will lapse into law after the expiry of the 30-day period or on April 22, 2017, or long before the expiry of the congressional franchise of the Company.

The accompanying consolidated financial statements of the Group were approved and authorized for issue in accordance with a resolution of the BOD on March 27, 2017.

2. Basis of Preparation and Consolidation, Statement of Compliance and Changes in Accounting Policies and Disclosures

Basis of Preparation

The consolidated financial statements of the Parent Company and its subsidiaries have been prepared on a historical cost basis, except for available-for-sale (AFS) financial assets and land under property and equipment which are measured at fair value. The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance

The Group's consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2016 and 2015. The Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Right arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests (NCI), even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Parent Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, NCI and other components of equity while any resultant gain or loss is recognized in the consolidated statements of income. Any investment retained is recognized at fair value.

NCI represent the interests in the subsidiaries not held by the Parent Company, and are presented separately in the consolidated statements of income and within equity in the consolidated statements of financial position, separately from equity attributable to holders of the Parent Company. NCI shares in losses even if the losses exceed the non-controlling equity interest in the subsidiary. NCI represents the equity interest in RGMA Network, Inc. (RGMA Network).

The consolidated financial statements include additional information about subsidiaries that have NCI that are material to the Parent Company. Management determined material partly-owned subsidiaries as those with balance of NCI greater than 5% of non-controlling interests and/or subsidiaries whose activities are important to the Group as at end of the year.

Financial information of RGMA Network, a subsidiary that has material NCI, are summarized below:

	2016	2015
Proportion of equity interest held by NCI	**51%**	51%
Accumulated balances of material NCI	**₱48,630,059**	₱43,270,173
Net income allocated to material NCI	**20,260,339**	10,746,230

The summarized financial information of RGMA Network are provided below.

Summarized Statements of Comprehensive Income

	2016	2015	2014
Revenues	**₱229,917,237**	₱192,281,024	₱161,305,678
Expenses	**(173,207,765)**	(162,154,673)	(147,595,904)
Provision for income tax	**(16,983,318)**	(9,055,313)	(4,164,229)
Net income	**39,726,154**	21,071,038	9,545,545
Other comprehensive income (loss)	**(3,216,575)**	–	2,365,404
Total comprehensive income	**₱36,509,579**	₱21,071,038	₱11,910,949
Net income attributable to:			
NCI	**₱20,260,339**	₱10,746,230	₱4,868,228
Parent Company	**19,465,815**	10,324,808	4,677,317
Total comprehensive income attributable to:			
NCI	**₱18,624,985**	₱10,746,230	₱6,074,585
Parent Company	**17,894,594**	10,324,808	5,836,364

Summarized Statements of Financial Position

	2016	2015
Total current assets	**₱164,420,288**	₱146,954,805
Total noncurrent assets	**27,136,877**	26,103,632
Total current liabilities	**18,808,884**	15,718,355
Total noncurrent liabilities	**79,534,479**	74,635,860
Total equity	**93,213,802**	82,704,222
Attributable to NCI	**₱48,630,059**	₱43,270,173
Attributable to equity holders of the Parent Company	**₱44,583,743**	₱39,434,049

Summarized Cash Flow Information

	2016	2015	2014
Operating	**₱79,837,572**	₱17,479,616	(₱4,136,038)
Investing	**(26,391,001)**	(20,728,549)	(610,168)
Net increase (decrease) in cash and cash equivalents	**₱53,446,571**	(₱3,248,933)	(₱4,746,206)

In 2016 and 2015, RGMA declared and paid dividends amounting to ₱13.26 million and ₱10.20 million, respectively, to NCI.

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries as at December 31, 2016 and 2015:

		Percentage of Ownership	
	Principal Activities	Direct	Indirect
Entertainment Business:			
Alta Productions Group, Inc. (Alta)	Pre- and post-production services	100	–
Citynet Network Marketing and Productions, Inc. (Citynet)	Television entertainment production	100	–
GMA Network Films, Inc.	Film production	100	–
GMA New Media, Inc. (GNMI)	Converging Technology	100	–
GMA Worldwide (Philippines), Inc.	International marketing, handling foreign program acquisitions and international syndication of the Parent Company's programs	100	–
Scenarios, Inc.*	Design, construction and maintenance of sets for TV, stage plays and concerts; transportation services	100	–
RGMA Marketing and Productions, Inc.	Music recording, publishing and video distribution	100	–
RGMA Network	Radio broadcasting and management	49	–
Script2010, Inc.**	Design, construction and maintenance of sets for TV, stage plays and concerts; transportation and manpower services	–	100

(Forward)

	Principal Activities	Percentage of Ownership Direct	Indirect
Advertising Business:			
GMA Marketing & Productions, Inc. (GMPI)***	Exclusive marketing and sales arm of the Parent Company's airtime; events management; sales implementation, traffic services and monitoring	100	–
Digify, Inc.****	Crafting, planning and handling advertising and other forms of promotion including multi-media productions	–	100
Others:			
Media Merge Corporation****	Business development and operations for the Parent Company's online publishing/advertising initiatives	–	100
Ninja Graphics, Inc.*****	Ceased commercial operations in 2004	–	51

**Under liquidation*
***Indirectly owned through Citynet*
****Ceased commercial operations in 2015*
*****Indirectly owned through GNMI*
******Indirectly owned through Alta; ceased commercial operations in 2004*

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to existing PFRSs which became effective on January 1, 2016. Adoption of the pronouncements did not have any significant impact on the Group's consolidated financial statements.

- Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 28, *Investments in Associates and Joint Ventures*, *Investment Entities: Applying the Consolidation Exception*
- Amendments to PFRS 11, *Joint Arrangements*, *Accounting for Acquisitions of Interests in Joint Operations*
- PFRS 14, *Regulatory Deferral Accounts*
- Amendments to PAS 1, *Presentation of Financial Statements*, *Disclosure Initiative*
- Amendments to PAS 16, *Property, Plant and Equipment* and PAS 38, *Intangible Assets*, *Clarification of Acceptable Methods of Depreciation and Amortization*
- Amendments to PAS 16 and PAS 41, Agriculture*: Bearer Plants*
- Amendments to PAS 27, *Separate Financial Statements*, *Equity Method in Separate Financial Statements*
- Annual Improvements to PFRS (2012-2014 Cycle)

  - Amendment to PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations, Changes in Methods of Disposal*
  - Amendment to PFRS 7, *Financial Instruments: Disclosures, Servicing Contracts*
  - Amendment to PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  - Amendment to PAS 19, *Employee Benefits*, *Discount Rate: Regional Market Issue*
  - Amendment to PAS 34, *Interim Financial Reporting*, *Disclosure of Information 'Elsewhere in the Interim Financial Report'*

New Accounting Standards, Interpretations and Amendments to Existing Standards Effective Subsequent to December 31, 2016

The Group will adopt the following new and revised standards, interpretations and amendments when these become effective.

Effective beginning on or after January 1, 2017

- Amendment to PFRS 12, *Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)

  The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. The amendments will not have any impact on the Group's consolidated financial position and results of operation.

- Amendments to PAS 7, *Statement of Cash Flows*, *Disclosure Initiative*

  The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early application of the amendments is permitted. Application of these amendments will result in additional disclosures in the Group's 2017 consolidated financial statements.

- Amendments to PAS 12, *Income Taxes*, *Recognition of Deferred Tax Assets for Unrealized Losses*
  The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

  Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted. The Group is currently assessing the impact of the amendments on its consolidated financial statements.

Effective beginning on or after January 1, 2018

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

  The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

  On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted. The amendments will not have any impact on the Group's consolidated financial statements.

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

  The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021.

  The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9. The amendments are not applicable to the Group since the Group does not have activities that are predominantly connected with insurance nor does it issue insurance contracts.

- PFRS 15, *Revenue from Contracts with Customers*

  PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. The Group plans to adopt the new standard on the required effective date. The Group is currently assessing the impact of the adoption of PFRS 15 on its consolidated financial statements.

- PFRS 9, *Financial Instruments*

  PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Group plans to adopt the new standard on the required effective date, which is subject to changes arising from a more detailed ongoing analysis.

  The Group is currently assessing the impact of the adoption of PFRS 9 on its consolidated financial statements.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)

  The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.

  These amendments are not expected to have a significant impact on the Group's financial condition and performance.

- Amendments to PAS 40, *Investment Property*, *Transfers of Investment Property*

  The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

  These amendments are currently not applicable to the Group since the Group has no transfer into or out of investment property.

- Philippine Interpretation IFRIC 22, *Foreign Currency Transactions and Advance Consideration*

  The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transaction for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. The Group is currently assessing the impact of adopting this interpretation.

Effective beginning on or after January 1, 2019

- PFRS 16, *Leases*

  Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply a single lessee accounting model. Under this model, lessees will recognize the assets and related liabilities for most leases on their statements of financial position, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

  The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

  Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the potential impact on its consolidated financial statements resulting from the application of PFRS 16. The Group does not expect material changes in accounting for leases wherein it is the lessor. For leases wherein it is the lessee, the Group will be required to recognize both a right to use asset and a lease liability at gross amounts.

With Deferred Effective Date

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

  These amendments are not expected to have a material impact to the parent company financial statements.

3. **Summary of Significant Accounting and Financial Reporting Policies**

Investments in an Associate and Joint Ventures
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The Group's share of the results of operations of the associate or joint venture is included in profit or loss. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statements of comprehensive income outside operating profit and represents profit or loss after tax and NCI in the subsidiaries of the associate or joint venture.

If the Group's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group discontinues recognizing its share of further losses.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss under "Equity in net earnings (losses) of joint ventures" in the consolidated statements of comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statements of comprehensive income.

Current versus Noncurrent Classification
The Group presents assets and liabilities in consolidated statements of financial position based on current/noncurrent classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from acquisition date and that are subject to an insignificant risk of change in value.

Fair Value Measurement
The Group measures financial instruments at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Disclosures for significant estimates and assumptions, see Note 4
- Quantitative disclosures of fair value measurement hierarchy, see Note 31
- Investment properties, see Note 14
- Financial instruments (including those carried at amortized cost), see Note 31

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

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

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

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

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

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

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

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

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

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

"Day 1" Difference

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the consolidated statements of income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference amount.

Financial Instruments - Initial Recognition and Subsequent Measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets
Initial Recognition and Measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at FVPL, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and cash equivalents, short-term investments, trade and other receivables, refundable deposits (included under "Other noncurrent assets" account in the consolidated statements of financial position) and AFS financial assets.

The Group's financial liabilities include trade payables and other current liabilities (excluding payable to government agencies, customers' deposits and advaces from customers), short-term loans, current and noncurrent obligations for program and other rights and dividends payable.

Subsequent Measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at FVPL
- Loans and receivables
- HTM investments
- AFS financial assets

The Group did not classify any financial asset under financial assets at FVPL and HTM investments as at December 31, 2016 and 2015.

a. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effective interest amortization is included in interest income in profit or loss. The losses arising from impairment are recognized under "General and administrative expenses" account in the consolidated statements of comprehensive income.

The Group's cash and cash equivalents, receivables and refundable deposits (included under "other noncurrent assets" account) are classified as loans and receivables (see Notes 6, 7 and 15).

b. *AFS financial assets*

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at FVPL. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognized in OCI and credited in the AFS reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in profit or loss, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to profit or loss. Interest earned while holding AFS financial assets is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on the asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

The Group's investments in listed and unlisted equity securities and golf club shares are classified as noncurrent AFS investments (see Notes 10 and 31).

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

<u>Impairment of Financial Assets</u>
Further disclosures relating to impairment of financial assets, if any, are also provided in the following notes:

- Disclosures for significant estimates and assumptions, see Note 4
- Trade and other receivables, see Notes 7 and 30
- AFS investments, see Notes 10 and 30
- Financial assets, see Note 30

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortized Cost. If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss shall be recognized in the consolidated statements of comprehensive income. The financial assets, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are no longer included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in the consolidated statements of comprehensive income. Interest income continues to be accrued on the reduced carrying amount based on the original EIR of the asset. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Group. If a future write-off is later recovered, the recovery is recognized in the consolidated statements of comprehensive income. Any subsequent reversal of an impairment loss is recognized in the consolidated statements of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Assets Carried at Cost. If there is an objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

AFS Financial Assets
For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the profit or loss, is removed from OCI and recognized in the profit or loss. Impairment losses on equity investments are not reversed through the profit or loss; increases in their fair value after impairment are recognized in OCI.

The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded in the profit or loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the profit or loss, the impairment loss is reversed through the profit or loss.

Financial Liabilities

Initial Recognition and Measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include accounts payable and other current liabilities (excluding payable to government agencies, customer deposits and advances from customers), short-term loans, obligations for program and other rights and dividends payable.

As at December 31, 2016 and 2015, the Group does not have financial liabilities at FVPL.

Subsequent Measurement
The measurement of financial liabilities depends on their classification, as described below:

a. *Financial liabilities at FVPL*

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

   Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

   Gains or losses on liabilities held for trading are recognized in profit or loss in the consolidated statement of comprehensive income.

   Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PAS 39 are satisfied. The Group has not designated any financial liability as at FVPL as at December 31, 2016 and 2015.

b. *Loans and borrowings*

   After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method.

   Gains and losses are recognized in the consolidated statements of income when the liabilities are derecognized as well as through the EIR amortization process.

   Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the profit or loss.

Classification of Financial Instruments Between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or

- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

There is no offsetting of financial assets and financial liabilities and any similar arrangements that are required to be disclosed in the consolidated financial statements as at December 31, 2016 and 2015.

Program and Other Rights
Program and other rights with finite lives are stated at cost less amortization and impairment in value. The estimated useful lives and the amortization method used depend on the manner and pattern of usage of the acquired rights. The cost of program and other rights with specific number of runs within a specified term is amortized using straight line method up to the date of expiry. The cost of program and other rights with no definite expiration date is amortized on accelerated method based on the sum of the year's digit of ten years with salvage value of 10% of the total cost. Amortization expense is shown as "Program and other rights usage" included under "Production costs" account in the consolidated statements of comprehensive income.

For series of rights acquired, the cost is charged to income as each series is aired on a per episode basis.

For rights intended for airing over the international channels, the cost is amortized on a straight-line basis over the number of years indicated in the contract.

Prepaid Production Costs
Prepaid production costs, included under "Prepaid expenses and other current assets" account in the consolidated statements of financial position, represent costs paid in advance prior to the airing of the programs or episodes. These costs include talent fees of artists and production staff and other costs directly attributable to production of programs. These are charged to expense under "Production costs" account in the consolidated statements of comprehensive income upon airing of the related program or episodes. Costs related to previously taped episodes determined not to be aired are charged to expense.

Materials and Supplies Inventory
Materials and supplies inventory, included under "Prepaid expenses and other current assets" account in the consolidated statements of financial position, is stated at the lower of cost and net

realizable value. Cost is determined using the first-in, first-out method. Net realizable value is the current replacement cost.

Tax Credits
Tax credits represent claims from the government arising from airing of government commercials and advertisements availed under Presidential Decree (PD) No. 1362. Pursuant to PD No. 1362, these will be collected in the form of tax credits which the Group can use in paying for import duties and taxes on imported broadcasting related equipment. The tax credits cannot be used to pay for any other tax obligation to the government.

Asset Classified as Held for Sale
Asset classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell. An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group).

Property and Equipment
Property and equipment, except land, are stated at cost, net of accumulated depreciation and amortization and impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land is measured at fair value less accumulated impairment losses, if any, recognized after the date of the revaluation. Valuations are generally performed every three to five years or more frequently as deemed necessary to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is recorded in other comprehensive income and hence, credited to the "Revaluation increment on land - net of tax" account under equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss, in which case, the increase is recognized in profit or loss. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the "Revaluation increment in land - net of tax" account.

Depreciation and amortization are computed on a straight-line basis over the following estimated useful lives of the assets:

Buildings, towers and improvements	11-20 years
Antenna and transmitter systems and broadcast equipment	5-10 years
Communication and mechanical equipment	3-5 years
Transportation equipment	4-5 years
Furniture, fixtures and equipment	5 years

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation and amortization are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization is credited or charged to current operations.

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

Investment Properties
Investment properties consist of real estate held for capital appreciation and rental.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties, except land, are measured at cost less accumulated depreciation and amortization and impairment in value. Land is stated at cost less any impairment in value.

Depreciation and amortization are computed using the straight-line method over 11-20 years.

The remaining useful lives and depreciation and amortization method are reviewed and adjusted, if appropriate, at each financial year-end.

Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Investment in Artworks
Investment in artworks, included under "Other noncurrent assets" account in the consolidated statements of financial position, is stated at cost less any impairment in value.

Software Costs
Costs incurred in the acquisition and customization of new software, included under "Other noncurrent assets" account in the consolidated statements of financial position, are capitalized and amortized on a straight-line basis over three to five years.

Impairment of Nonfinancial Assets
The carrying values of program and other rights, prepaid production costs, deferred production costs, tax credits, investments and advances, property and equipment, investment properties,

software costs and investment in artworks are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets are considered impaired and are written down to their recoverable amount. The recoverable amount of these nonfinancial assets is the greater of an asset's or cash-generating unit's fair value less cost to sell or value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. Impairment losses, if any, are recognized in profit or loss in comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting period as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the recoverable amount is estimated. A previously recognized impairment loss, except for land at revalued amount where the revaluation is taken to OCI, is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation and amortization charges are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. For land at revalued amounts, the reversal of impairment is also recognized in OCI up to the amount of any previous revaluation.

In the case of investments in associates and interests in joint ventures, after application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's investments in associates and interests in joint ventures. The Group determines at each reporting period whether there is any objective evidence that the investments in associates and interests in joint ventures are impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount of investments in associates and the acquisition cost and recognizes the amount in the consolidated statements of comprehensive income.

<u>Equity</u>
Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. Proceeds and/or fair value of considerations received in excess of par value are recognized as additional paid-in capital.

Retained earnings include all current and prior period results of operations as reported in the consolidated statements of comprehensive income, net of any dividend declaration.

<u>Treasury Stock and Underlying Shares of Acquired Philippine Deposit Receipts (PDRs)</u>
The Parent Company's own reacquired equity instruments are deducted from equity. No gain or loss is recognized in the consolidated statements of comprehensive income on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

Each PDR entitles the holder to the economic interest of the underlying common share of the Parent Company. The Parent Company's ownership of the PDRs are presented similar to treasury shares in the consolidated statements of financial position.

Dividends on Common Shares of the Parent Company
Dividends on common shares are recognized as liability and deducted from equity when approved by the BOD of the Parent Company. Dividends for the year that are approved after reporting period are dealt with as an event after reporting period.

Revenues
Revenues are recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount can be reliably measured, regardless of when the payment is being made. Revenues are measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent.

The following specific recognition criteria must also be met before revenue is recognized:

Airtime Revenue. Revenue is recognized in the period the advertisements are aired. Such revenues are net of co-producers' share. The fair values of capitalizable exchange deals are included in airtime revenue and related accounts. These transactions represent advertising time exchanged for program materials, merchandise or service.

Payments received for advertisements before broadcast (pay before broadcast) are recognized as income on the dates the advertisements are aired. Prior to liquidation, these are classified as unearned revenue under "Advances from customers" included under "Trade payables and other current liabilities" in the consolidated statement of financial position.

Goods received in exchange for airtime usage pursuant to ex-deals contracts executed between the Group and its customers are recorded at fair market values of assets received. Fair market value is the current market price.

Tax credits on aggregate airtime credits from government sales availed of under PD No. 1362 are recognized as income when there is reasonable certainty that these can be used to pay duties and taxes on imported broadcasting related equipment.

Subscription Income. Revenue is recognized on an accrual basis in accordance with the terms of subscription agreements.

Commission from Artist Center. Revenue is recognized as income on an accrual basis in accordance with the terms of the related marketing agreements.

Production and Others. Production revenue is recognized when project-related services are rendered. Others pertain to revenue from sponsorship and licensing income which is recognized on an accrual basis in accordance with the terms of the agreement.

Rental Income. Revenue from lease of property and equipment is accounted for on a straight-line basis over the lease term.

Dividend Income. Revenue is recognized when the Group's right to receive payment is established.

Interest Income. Revenue is recognized as the interest accrues, taking into account the effective yield on the asset.

Equity in Net Earnings (Losses) of Joint Ventures. The Group recognizes its share in the net income or loss of an associate and joint ventures proportionate to the equity in the economic shares of such associates and joint ventures, in accordance with the equity method.

Other Income. Other income is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the Group through an increase in asset or reduction in liability that can be measured reliably.

Co-producers' Share
Co-producers' share is deducted from gross revenues in the profit or loss in the period the advertisements are aired.

Share of co-producers on revenues of specific programs are covered by duly authorized contracts entered into between the Group and the co-producers. The co-producers normally undertake the production of such program in return for a stipulated percentage of revenue.

Borrowing Costs
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Expenses
Expenses, presented as "Production costs" and "General and administrative expenses" in the consolidated statements of comprehensive income, are recognized as incurred.

Pension and Other Employee Benefits
The Parent Company have funded, noncontributory defined benefit retirement plans covering permanent employees. Other entities are covered by Republic Act (R.A.) 7641, otherwise known as "The Philippine Retirement Law", which provides for qualified employees to receive an amount equivalent to a certain percentage of monthly salary at normal retirement age.

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

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

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

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under 'production costs' and 'general and administrative expenses' in consolidated statements of comprehensive income (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income

Plan assets are assets that are held by a long-term employee benefit fund. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Employee Leave Entitlements. Employee entitlements to annual leave are recognized as a liability when they accrue to the employees. The liability relating to employee leave entitlement is recognized for services rendered equivalent to the maximum credit leaves earned by the employee, which is expected to be settled upon the employee's resignation or retirement. The present value of the noncurrent portion of the liability is determined by applying the discount rate based on government bonds.

<u>Leases</u>
The determination of whether the arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement depends on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after the inception of the lease, if any, if the following applies:

a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
b. A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. There is substantial change to the asset.

Where the reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) above, and at the date of renewal or extension period for scenario (b).

The Group determines whether arrangements contain a lease to which lease accounting must be applied. The costs of the agreements that do not take the legal form of a lease but convey the right to use an asset are separated into lease payments if the entity has the control of the use or access to the asset, or takes essentially all of the outputs of the asset. The said lease component for these arrangements is then accounted for as finance or operating lease.

Group as Lessee. Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the consolidated statements of comprehensive income on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Group as Lessor. Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income from operating leases are recognized as income in the consolidated statements of comprehensive income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Foreign Currency-denominated Transactions

Transactions in foreign currencies are initially recorded in the functional currency exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing exchange rate at financial reporting period. All differences are taken to profit or loss in the consolidated statements of comprehensive income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. For income tax purposes, foreign exchange gains and losses are treated as taxable income or deductible expenses when realized.

Taxes

Current Income Tax. Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at reporting period.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and establishes provisions where appropriate.

Deferred Income Tax. Deferred income tax is provided using the balance sheet liability method on temporary differences at reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting period.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward benefits of excess MCIT over RCIT and unused NOLCO can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax assets to be recovered.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws to be enacted or substantially enacted at the reporting period.

Deferred income tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Income tax relating to other comprehensive income is recognized in other comprehensive income section of the consolidated statements of comprehensive income.

Creditable Withholding Taxes. Creditable withholding taxes represent amounts withheld by the Group's customers and is deducted from the Group's income tax payable.

Value-added Tax (VAT). Revenue, expenses and assets are recognized net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority , in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- where receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "Prepaid expenses and other current assets" or "Trade payables and other current liabilities" accounts in the consolidated statements of financial position.

Earnings Per Share (EPS)
Basic EPS is computed by dividing the net income for the year attributable to the equity holders of the Parent Company, net of income attributable to preferred shares, by the weighted average number of common shares outstanding during the year, with retroactive adjustments for any stock dividends declared, if any.

Diluted EPS is calculated by dividing the net income for the year attributable to the equity holders of the Parent Company (inclusive of income attributable to preferred shares) by the weighted average number of common shares outstanding during the year, plus the weighted average number of common shares that would be issued upon conversion of all dilutive potential common shares.

Segment Reporting
For management purposes, the Group's operating businesses are organized and managed separately into television and radio airtime, international subscriptions and other business activities. Such business segments are the basis upon which the Group reports its primary segment information. The Group considers television and radio operations as the major business segment. The Group operates in two geographical areas where it derives its revenue. Financial information on business segments is presented in Note 5 to the consolidated financial statements.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events after Reporting Period
Post year-end events that provide additional information about the Group's position at the reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

4. **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect amounts reported in the consolidated financial statements and related notes at the end of the reporting period. However, uncertainty about these judgments, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Franchise Renewal. As discussed in Note 1, the Parent Company's legislative franchise is set to expire on May 12, 2017 and that House Bill No. 4631 which seeks to renew the franchise was filed last December 7, 2016 and on March 23, 2017, House Bill 4631 became an Enrolled Bill and was endorsed to the Office of the President for his approval. As of March 27, 2017, the President has not acted on the Enrolled Bill. The potential non-renewal of the franchise is a condition that may cast significant doubt on the ability of the Company to continue as a going concern.

The core operation of the Company requires the renewal of the franchise. Management and its legal counsel are of the position that franchise extension will be approved and they see no reason why the President will veto the bill. This position is based on the following:

- The Company has been existing for 67 years and the franchise, with constitutional basis, has always been renewed in prior years.
- Both houses have already approved the bill for the extension with the following votes: House 229-0; Senate 17-0.
- The Philippine Government will allow the extension of the legislative franchise in order to promote anti-monopoly in the broadcasting industry.
- The Company is expected to provide the government with adequate public service time to enable it to reach the population on important public issues and assist in the functions of public information and education.
- GMA has continued with and has proportionately increased its economic, cultural and social contributions to the nation, and that it is consistently one of the nation's top corporate taxpayers, hence, stoppage of operation as a result of non-renewal of its franchise will not be beneficial to the Philippines economy.

The Company has been advised by its legal counsel that: (a) even if not signed by the President, the Enrolled Bill will lapse into law after the expiry of the 30-day period or on April 22, 2017, or long before the expiry of the congressional franchise of the Company and, (b) the Enrolled Bill is deemed a congressional consent to the renewal of said franchise.

On the basis of the foregoing, management is of the view that there is no material uncertainty as there seemed to be no reason for the President to exercise its veto power that will render the application for franchise renewal not approved.

Consolidation of Entities in which the Group holds less than Majority of Voting Rights. The Group considers that it controls RGMA Network even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of RGMA Network with a 49% equity interest. The remaining 51% of the equity shares in RGMA Network are owned by several parties. Since September 27, 1995, which is the date of incorporation of RGMA Network, there is no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group.

Operating Leases - Group as Lessee. The Group has entered into various lease agreements as a lessee. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessors retain all the significant risks and rewards of ownership of the properties and the accounts for the contracts as operating leases.

Rental expense charged to operations amounted to ₱899.89 million, ₱843.63 million and ₱855.12 million in 2016, 2015, and 2014 respectively (see Notes 22, 23 and 27).

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Estimating Allowance for Doubtful Accounts. Provisions are made for specific and groups of billed accounts where objective evidence of impairment exists. The Group determines the allowance for doubtful accounts based on impairment assessments of individual advertiser balances. Individual balances for which there is no objective evidence of impairment are assessed collectively by applying a loss rate determined based on a five-year average of historical losses. The individual impairment assessment is an inherently uncertain process involving various assumptions and factors about the financial condition of the advertiser, estimates of amounts still collectible and, for the collective assessment, the loss rate used. These assumptions could be significantly different from actual credit losses.

Provision for doubtful accounts amounted to ₱25.15 million, ₱8.58 million and ₱0.72 million in 2016, 2015 and 2014, respectively (see Note 23). Trade and other receivables, net of allowance for doubtful accounts of ₱308.43 million and ₱283.28 million, amounted to ₱5,270.31 million and ₱4,384.20 million as at December 31, 2016 and 2015, respectively (see Note 7).

Classification and Amortization of Program and Other Rights. Program and other rights are classified as current assets because the Group expects to air any given title at any time within its normal operating cycle.

The Group estimates the amortization of program and other rights with finite lives using straight line method up to the date of expiry, which is the manner and pattern of usage of the acquired rights. The Group estimates the amortization of program and other rights with no definite expiration date using accelerated method based on the sum of the year’s digit of ten years with salvage value of 10% of the total cost. The Group estimates that programs are generally more marketable in their initial airing as compared to the succeeding airings. In addition, estimation of the amortization of program and other rights is based on the Group’s experience with such rights. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Program and other rights usage amounted to ₱836.18 million, ₱754.64 million and ₱646.68 million in 2016, 2015 and 2014, respectively (see Note 22). Program and other rights, net of accumulated impairment loss of ₱2.70 million, amounted to ₱1,060.63 million and ₱1,192.61 million as at December 31, 2016 and 2015, respectively (see Note 8).

Determination of Impairment of AFS Financial Assets. For unquoted equity instruments, the financial assets are considered to be impaired when the Group believes that future cash flows generated from the investment is expected to decline significantly. The Group’s management makes significant estimates and assumptions on the future cash flows expected and the appropriate discount rate to determine if impairment exists. Impairment may also be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance. For the quoted shares, the Group determines that the financial assets are considered to be impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The Group determines that a decline in fair value of greater than 20% of cost is considered to be a significant decline and a decline for a period of more than 12 months is considered to be a prolonged decline. This determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates, among other factors, the normal volatility in share price for quoted equities.

Provision for impairment loss on AFS financial assets amounted to nil, ₱1.36 million and ₱1.37 million in 2016, 2015 and 2014, respectively (see Note 23). The carrying value of AFS financial assets amounted to ₱243.39 million and ₱191.12 million as at December 31, 2016 and 2015, respectively (see Note 10).

Estimating Allowance for Inventory Losses. The Group provides allowance for inventory losses whenever the net realizable value becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The allowance account is reviewed periodically to reflect the accurate valuation of the inventories.

The carrying value of materials and supplies inventory, included under "Prepaid expenses and other current assets" in the consolidated statements of financial position, amounted to ₱19.09 million and ₱26.01 million as at December 31, 2016 and 2015, respectively (see Note 9). There were no provisions for inventory losses in 2016, 2015 and 2014.

Estimating Useful Lives of Property and Equipment, Software Costs and Investment Properties. The Group estimates the useful lives of property and equipment, software costs and investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment, software costs and investment properties are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment, software costs and investment properties is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment, software costs and investment properties would increase the recorded general and administrative expenses and decrease noncurrent assets.

There has been no change in the Group's estimate of useful lives of its property and equipment, software costs and investment properties in 2016 and 2015.

Total depreciation and amortization expense for the years ended December 31, 2016, 2015 and 2014 amounted to ₱740.77 million, ₱820.95 million, and ₱799.89 million, respectively (see Notes 12, 14, 15, 22 and 23).

Revaluation of Land. The Group engages an accredited appraiser to determine the fair value of the land used in operations. Fair value is determined by reference to market-based evidence adjusted based on certain elements of comparison. The fair value amount would differ if the Group made different judgments and estimates or utilized a different basis for determining fair value.

Valuations from an accredited appraiser are generally performed every three to five years or more frequently as deemed necessary to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

The revalued amount of land amounted to ₱1,805.15 million and ₱1,802.52 million as at December 31, 2016 and 2015, respectively (see Note 13).

Impairment of Nonfinancial Assets. For prepaid production costs, tax credits, investments and advances, property and equipment, investment properties, program and other rights, investment in artworks and software costs, impairment testing is performed whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business
- significant negative industry or economic trends; and
- obsolescence or physical damage of an asset.

The Group recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of fair value less costs to sell and the asset's value in use. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

As at December 31, 2016 and 2015, the Group did not identify any indicator of impairment on its nonfinancial assets, hence, no impairment tests were carried out.

The carrying values of nonfinancial assets as at December 31 follow:

	2016	2015
Property and equipment - at cost (see Note 12)	**₱2,776,484,984**	₱3,127,843,301
Land at revalued amounts (see Note 13)	**1,805,146,475**	1,802,522,857
Program and other rights (see Note 8)	**1,060,631,509**	1,192,607,228
Investments and advances (see Note 11)	**150,834,949**	147,652,576
Tax credits (see Note 9)	**128,875,751**	146,590,919
Prepaid production costs (see Note 9)	**113,611,340**	129,352,549
Software costs (see Note 15)	**71,711,958**	17,406,636
Investment properties (see Note 14)	**53,314,111**	55,548,001
Investment in artworks (see Note 15)	**10,186,136**	10,406,255
Deferred production costs (see Note 15)	**1,098,771**	1,952,433

Taxes. The Group has exposures to the tax rules and regulations in the Philippines and significant judgment is involved in determining the provision for these tax exposures. The Group recognizes liabilities for expected tax issues based on estimates of whether additional taxes are due. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such difference will impact profit or loss in the period in which such determination is made.

Estimating Realizability of Deferred Income Tax Assets. The Group reviews the carrying amounts of deferred income tax assets on nondeductible temporary differences and carryforward benefits of

NOLCO and excess MCIT over RCIT at each reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Based on the Group's assessment, not all nondeductible temporary differences and carryforward benefits of NOLCO and excess MCIT over RCIT will be realized.

Recognized deferred tax assets amounted to ₱757.15 million and ₱636.98 million as at December 31, 2016 and 2015, respectively, while unrecognized deferred tax assets amounted to ₱5.11 million and ₱14.36 million as at December 31, 2016 and 2015, respectively (see Note 28).

Pension and Other Employee Benefits. The determination of the Group's obligation and cost of pension benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 26 and include, among others, discount rate and salary increase rate. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

Pension liability amounted to ₱1,644.32 million and ₱1,102.71 million as at December 31, 2016 and 2015, respectively (see Note 26).

Determination of Fair Value of Financial Assets and Financial Liabilities. PFRS requires certain financial assets and financial liabilities are carried and disclosed at fair value, which requires extensive use of accounting estimates and judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates and interest rates), the amount of changes in fair value would differ if the Group utilized a different valuation methodology. Any changes in the assumptions could affect the fair value of these financial assets and financial liabilities. The fair value of financial assets and liabilities are enumerated in Note 31.

Determination of Fair Value of Investment Properties and Land at Revalued Amounts. PFRS requires disclosure of fair value of investment properties when measured at cost and requires land at revalued amount to be re-measured at fair value with sufficient regularity.

The fair values of these assets as at December 31, 2016 and 2015 are based on the appraisal report prepared by an accredited appraiser in 2013. Management believes that there is no significant change on the fair value of these assets given that there were no events or circumstances (i.e., development in the area, expected market value, condition of the property) that would indicate a significantly different fair value.

Contingencies. The Group is currently involved in various claims and legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material adverse effect on the Group's financial position.

5. **Segment Information**

Business Segments
For management purposes, the Group is organized into business units based on its products and services and has three reportable segments, as follows:

- The television and radio segment, which engages in television and radio broadcasting activities and which generates revenue from sale of national and regional advertising time.
- The international subscription segment which engages in subscription arrangements with international cable companies.
- Other businesses which include movie production, consumer products and other services.

The Executive Committee, the chief operating decision maker, and Management monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net income or loss and is measured consistently with the net income or loss in the consolidated financial statements. On a consolidated basis, the Group's performance is evaluated based on consolidated net income for the year.

Geographical Segments
The Group operates in two major geographical segments – local and international. In the Philippines, the home country, the Group is involved in television operations. In the United States and in other locations (which include Middle East, Europe, Australia, Canada, Guam, Singapore, Hongkong and Japan), the Group ties up with cable providers to bring local television programming outside the Philippines.

The Group's revenues are mostly generated in the Philippines, which is the Group's country of domicile. Revenues from external customers attributed to foreign countries from which the Group derives revenue are individually and in aggregate immaterial to the consolidated financial statements.

Noncurrent assets consist of property and equipment, land at revalued amounts, investment properties and intangible assets which are all located in the Philippines.

The Group does not have a single external customer whose revenue accounts for 10% or more of the Group's revenues.

Inter-segment Transactions
Segment revenues, segment expenses and segment results include transfers among business segments and among geographical segments. The transfers are accounted for at competitive market prices charged to unrelated customers for similar services. Such transfers are eliminated upon consolidation.

Measurement Basis
The amount of segment assets and liabilities and segment profit or loss are based on measurement principles that are similar to those used in measuring the assets and liabilities and profit or loss in the consolidated financial statements, which is in accordance with PFRS.

Business Segment Data

	Local														
	Television and radio airtime			**Other businesses**			**International subscription**			**Eliminations**			**Consolidated**		
	2016	2015	2014	**2016**	2015	2014	**2016**	2015	2014	**2016**	2015	2014	**2016**	2015	2014
REVENUES															
External sales	**₱15,131,491,600**	₱12,397,118,205	₱10,676,626,531	**₱394,795,756**	₱306,658,721	₱230,463,979	**₱1,147,093,146**	₱1,023,317,743	₱1,075,797,836	**₱–**	₱–	₱–	**₱16,673,380,502**	₱13,727,094,669	₱11,982,888,346
Inter-segment sales	**–**	–	–	**493,239,657**	865,398,189	772,809,560	**–**	–	–	**(493,239,657)**	(865,398,189)	(772,809,560)	**–**	–	–
	₱15,131,491,600	₱12,397,118,205	₱10,676,626,531	**₱888,035,413**	₱1,172,056,910	₱1,003,273,539	**₱1,147,093,146**	₱1,023,317,743	₱1,075,797,836	**(₱493,239,657)**	(₱865,398,189)	(₱772,809,560)	**₱16,673,380,502**	₱13,727,094,669	₱11,982,888,346
NET INCOME															
Segment results	**₱4,039,955,939**	₱1,989,653,837	₱583,750,944	**₱157,593,904**	₱64,776,789	(₱2,396,729)	**₱935,005,207**	₱886,642,837	₱827,781,275	**(₱56,153,329)**	₱41,064,115	₱–	**₱5,076,401,721**	₱2,982,137,578	₱1,409,135,490
Interest expense	**(16,905,154)**	(40,534,078)	(34,258,441)	**–**	–	–	**–**	–	–	**–**	–	–	**(16,905,154)**	(40,534,078)	(34,258,441)
Foreign exchange gain (loss)	**17,490,271**	(35,156,621)	(12,944,998)	**3,026,862**	1,501,999	(27,274)	**527,012**	120,704	–	**–**	–	–	**21,044,145**	(33,533,918)	(12,972,272)
Interest income	**22,622,689**	12,732,355	14,771,847	**1,028,119**	923,455	869,095	**–**	–	–	**–**	–	–	**23,650,808**	13,655,810	15,640,942
Equity in net earnings (losses)	**–**	–	–	**2,758,875**	(3,113,716)	5,338,761	–	–	–	**–**	–	–	**2,758,875**	(3,113,716)	5,338,761
Other income (expenses)	**146,905,819**	147,700,876	89,954,665	**13,750,069**	39,581,131	164,614,930	–	–	–	**(59,790,801)**	(69,728,547)	(180,000,000)	**100,865,087**	117,553,460	74,569,595
Income tax	**(1,243,290,512)**	(601,077,210)	(192,377,804)	**(54,116,044)**	(30,911,123)	(52,222,645)	**(280,659,666)**	(266,029,062)	(248,334,382)	**16,846,000**	(12,319,234)	45,000,000	**(1,561,220,222)**	(910,336,629)	(447,934,831)
	₱2,966,779,052	₱1,473,319,159	₱448,896,213	**₱124,041,785**	₱72,758,535	₱116,176,138	**₱654,872,553**	₱620,734,479	₱579,446,893	**(₱99,098,130)**	(₱40,983,666)	(₱135,000,000)	**₱3,646,595,260**	₱2,125,828,507	₱1,009,519,244
ASSETS AND LIABILITIES															
Assets															
Segment assets	**₱15,097,269,794**	₱13,580,475,467		**₱950,880,864**	₱897,625,491		**₱863,757,148**	₱719,797,623		**(₱1,204,616,809)**	(₱1,025,033,178)		**₱15,707,290,997**	₱14,172,865,403	
Investment in associates - at equity	**38,350,619**	38,350,619		**21,621,869**	18,862,994		**–**	–		**–**	–		**59,972,488**	57,213,613	
Deferred tax assets	**133,888,145**	29,374,323		**43,881,482**	123,407,831		**–**	–		**113,742,403**	32,680,765		**291,512,030**	185,462,919	
	₱15,269,508,558	₱13,648,200,409		**₱1,016,384,215**	₱1,039,896,316		**₱863,757,148**	₱719,797,623		**(₱1,090,874,406)**	(₱992,352,413)		**₱16,058,775,515**	₱14,415,541,935	
Liabilities															
Segment liabilities	**₱5,103,563,611**	₱4,751,183,666		**₱607,031,919**	₱882,624,028		**₱472,497,145**	₱410,867,083		**(₱580,249,760)**	(₱711,252,985)		**₱5,602,842,915**	₱5,333,421,792	
Deferred tax liabilities	**–**	–		**–**	–		**–**	–		**–**	–		**–**	–	
	₱5,103,563,611	₱4,751,183,666		**₱607,031,919**	₱882,624,028		**₱472,497,145**	₱410,867,083		**(₱580,249,760)**	(₱711,252,985)		**₱5,602,842,915**	₱5,333,421,792	

Geographical Segment Data

	Local														
	Television and Radio Airtime			**Other businesses**			**International subscription**			**Eliminations**			**Per FS**		
	2016	2015	2014	**2016**	2015	2014	**2016**	2015	2014	**2016**	2015	2014	**2016**	2015	2014
REVENUES															
External sales	**₱15,131,491,600**	₱12,397,118,205	₱10,676,626,531	**₱394,795,756**	₱306,658,721	₱230,463,979	**₱1,147,093,146**	₱1,023,317,743	₱1,075,797,836	**₱–**	₱–	₱–	**₱16,673,380,502**	₱13,727,094,669	₱11,982,888,346
Inter-segment sales	**–**	–	–	**493,239,657**	865,398,189	772,809,560	**–**	–	–	**(493,239,657)**	(865,398,189)	(772,809,560)	**–**	–	–
	₱15,131,491,600	12,397,118,205	₱10,676,626,531	**₱888,035,413**	₱1,172,056,910	₱1,003,273,539	**₱1,147,093,146**	₱1,023,317,743	₱1,075,797,836	**(₱493,239,657)**	(₱865,398,189)	(₱772,809,560)	**₱16,673,380,502**	₱13,727,094,669	₱11,982,888,346
Other Segment Information															
Capital expenditures:															
Program rights and other rights and software cost	**₱703,350,777**	₱740,066,535		**₱454,019**	₱341,960		**₱850,467**	₱10,736,842		**₱**	₱		**₱704,655,263**	₱751,145,337	
Property and equipment	**422,619,295**	525,852,118		**16,878,084**	22,529,329		**4,886,597**	4,416,161		**–**	–		**444,383,976**	552,797,608	
Land at revalued amount	**2,623,618**	2,809,999		**–**	–		**–**	–		**–**	–		**2,623,618**	2,809,999	
Investment properties	**43,811**	105,411		**–**	–		**–**	–		**–**	–		**43,811**	105,411	
Depreciation and amortization	**1,570,694,380**	1,570,560,588		**13,533,509**	13,162,277		**7,721,414**	6,868,423		**(15,000,000)**	(15,000,000)		**1,576,949,303**	1,575,591,288	

6. Cash and Cash Equivalents

	2016	2015
Cash on hand and in banks	**₱1,950,184,026**	₱1,507,255,528
Short-term deposits	**1,468,830,179**	653,042,597
	₱3,419,014,205	₱2,160,298,125

Cash in banks earn interest at the respective bank deposit rates. Short-term deposits are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Interest income earned from bank deposits and short-term investments amounted to ₱23.65 million, ₱13.66 million and ₱15.64 million in 2016, 2015 and 2014, respectively.

7. Trade and Other Receivables

	2016	2015
Trade:		
Television and radio airtime	**₱5,098,043,485**	₱4,254,300,514
Subscriptions	**357,920,003**	277,677,942
Others	**117,137,935**	123,009,854
Nontrade:		
Advances to officers and employees	**3,183,197**	3,417,982
Others	**2,449,756**	9,068,441
	5,578,734,376	4,667,474,733
Less allowance for doubtful accounts	**308,427,495**	283,276,131
	₱5,270,306,881	₱4,384,198,602

Trade Receivables

Television and Radio Airtime. Television and radio airtime receivables are unsecured, noninterest-bearing and are generally on 60-90 day terms upon receipt of invoice by the customers. Invoicing normally takes around 30 days from airing.

Television and radio airtime receivables include unbilled airtime receivables, arising when advertisements have been aired but billing or acceptance by the customer has been delayed due to time lag in completing all required documents.

Subscriptions Receivable. Subscriptions receivable pertain to receivables from international channel subscriptions and advertisements. These are unsecured, noninterest-bearing and normally collected within 30-60 days.

Other Trade Receivables. Other trade receivables are unsecured, noninterest-bearing and are generally on 60-90 day terms upon receipt of invoice by the customers.

Nontrade Receivables

Advances to Officers and Employees and Other Nontrade Receivables. Advances to officers and employees and other nontrade receivables are noninterest-bearing and are normally collected within the next financial year.

Allowance for Doubtful Accounts
The movements in the allowance for doubtful accounts on trade receivables are as follows:

	2016		
	Television and Radio Airtime	**Others**	**Total**
Balance at beginning of year	**₱277,478,231**	**₱5,797,900**	**₱283,276,131**
Provision for the year (see Note 23)	**21,185,664**	**3,965,700**	**25,151,364**
Balance at end of year	**₱298,663,895**	**₱9,763,600**	**₱308,427,495**

	2015		
	Television and Radio Airtime	Others	Total
Balance at beginning of year	₱269,872,570	₱4,821,702	₱274,694,272
Provision for the year (see Note 23)	7,605,661	976,198	8,581,859
Balance at end of year	₱277,478,231	₱5,797,900	₱283,276,131

The allowance for doubtful accounts for television and radio airtime and other receivables in 2016 and 2015 are results of specific and collective impairment assessments performed by the Group as follows:

	2016	2015
Individually impaired	**₱217,083,792**	₱203,961,822
Collectively impaired	**91,343,703**	79,314,309
	₱308,427,495	₱283,276,131

As at December 31, 2016 and 2015, the aging analysis of receivables that are not impaired follows:

	2016				
	Trade				
	Television and Radio Airtime	**Subscriptions**	**Others**	**Nontrade**	**Total**
Neither past due nor impaired	**₱2,991,035,726**	**₱171,167,030**	**₱40,199,708**	**₱3,805,064**	**₱3,206,207,528**
Past due but not impaired:					
1-30 days	**264,889,963**	**28,693,321**	**878,744**	**364,599**	**294,826,627**
31-60 days	**128,245,974**	**20,039,146**	**7,951,534**	**32,983**	**156,269,637**
61-90 days	**507,892,843**	**10,801,899**	**6,963,314**	**725,012**	**526,383,068**
91-180 days	**343,174,437**	**30,090,828**	**5,545,646**	**177,142**	**378,988,053**
181-365 days	**123,257,748**	**16,145,227**	**6,512,154**	**286,662**	**146,201,791**
Over 1 year	**440,882,899**	**80,982,552**	**39,323,235**	**241,491**	**561,430,177**
	₱4,799,379,590	**₱357,920,003**	**₱107,374,335**	**₱5,632,953**	**₱5,270,306,881**

	2015				
	Trade				
	Television and Radio Airtime	Subscriptions	Others	Nontrade	Total
Neither past due nor impaired	₱1,891,256,559	₱84,061,725	₱84,885,135	₱6,483,312	₱2,066,686,731
Past due but not impaired:					
1-30 days	474,292,142	33,628,253	6,950,764	581,146	515,452,305
31-60 days	210,306,429	57,470,271	2,689,664	114,785	270,581,149
61-90 days	154,074,639	3,061,824	733,599	2,490,707	160,360,769
91-180 days	124,441,436	14,236,114	756,835	379	139,434,764
181-365 days	190,101,521	2,810,690	3,874,590	415,632	197,202,433
Over 1 year	932,349,557	82,409,065	17,321,367	2,400,462	1,034,480,451
	₱3,976,822,283	₱277,677,942	₱117,211,954	₱12,486,423	₱4,384,198,602

Trade and other receivables that are not impaired are assessed by the Group's management as good and collectible.

8. **Program and Other Rights**

	2016		
	Program and Film Rights	**Story/Format Rights**	**Total**
Cost:			
Balance at beginning of year	**₱1,189,128,656**	**₱6,180,832**	**₱1,195,309,488**
Additions	**692,777,422**	**11,423,824**	**704,201,246**
Program and other rights usage (see Note 22)	**(825,758,121)**	**(10,418,844)**	**(836,176,965)**
Balance at end of year	**1,056,147,957**	**7,185,812**	**1,063,333,769**
Accumulated impairment in value	**(2,702,260)**	**–**	**(2,702,260)**
	₱1,053,445,697	**₱7,185,812**	**₱1,060,631,509**

	2015		
	Program and Film Rights	Story/Format Rights	Total
Cost:			
Balance at beginning of year	₱1,185,333,241	₱15,639,728	₱1,200,972,969
Additions	734,084,599	14,890,663	748,975,262
Program and other rights usage (see Note 22)	(730,289,184)	(24,349,559)	(754,638,743)
Balance at end of year	1,189,128,656	6,180,832	1,195,309,488
Accumulated impairment in value	(2,702,260)	–	(2,702,260)
	₱1,186,426,396	₱6,180,832	₱1,192,607,228

9. Prepaid Expenses and Other Current Assets

	2016	2015
Advances to suppliers	**₱235,575,251**	₱416,487,788
Tax credits	**128,875,751**	146,590,919
Input VAT	**125,401,166**	136,952,228
Creditable withholding taxes	**122,675,558**	140,181,190
Prepaid production costs	**113,611,340**	129,352,549
Prepaid expenses	**86,623,905**	71,717,440
Materials and supplies inventory - at cost	**19,089,422**	26,005,795
Others	**1,965,121**	1,741,298
	₱833,817,514	₱1,069,029,207

Advances to suppliers are noninterest-bearing and are generally applied to acquisition of inventories, availment of services and others within the next financial year.

Tax credits represent claims of the Parent Company from the government arising from airing of government commercials and advertisements. The Parent Company expects to utilize these tax credits within the next financial year.

Creditable withholding taxes represent amounts withheld by the Company's customers and is deducted from the Company's income tax payable.

Prepaid production represents costs paid in advance prior to the airing of the programs or episodes. The Group expects to air the related programs or episodes within the next financial year.

Prepaid expenses include prepayments for rentals, insurance and other expenses.

10. Available-for-Sale Financial Assets

	2016	2015
Investments in shares of stock:		
Unquoted	**₱117,921,881**	₱115,371,881
Quoted	**125,470,000**	75,745,000
	₱243,391,881	₱191,116,881

The unquoted shares are stated at cost as there are no reliable sources and bases for subsequent fair value determination.

The movements in this account are as follows:

	2016	2015
Balance at beginning of year	**₱191,116,881**	₱129,024,081
Additions during the year	**2,550,000**	130,000,000
Redemption during the year	**–**	(7,467,200)
Net changes in the fair value of AFS financial assets	**49,725,000**	(60,440,000)
Balance at end of the year	**₱243,391,881**	₱191,116,881

IP E-Games
In 2015, IP E-Games Ventures, Inc. (IPE) issued 13 billion of its own common shares to the Group in exchange of the Group's investment in X-Play Online Games Incorporated (X-Play) and in settlement of ₱30.00 million advances and ₱50.00 million airtime credits granted by the Group to X-Play. At initial recognition, the Group recognized at fair value the IPE shares as AFS financial assets amounting to ₱130.00 million.

Of the ₱50.00 million airtime credits, ₱22.00 million has not been implemented at date of exchange and therefore was recognized by the Group as unearned revenue, included as part of trade payables and other current liabilities as at December 31, 2016 and 2015. Also, a gain on disposal of asset held for sale amounting to ₱23.57 million, which represent excess of fair value of IPE shares over the carrying amount of GNMI's investment in X-Play, was recognized as a gain in the 2015 statement of comprehensive income (see Note 25).

The movements in net unrealized loss on AFS financial assets are as follows:

	2016	2015
Balance at beginning of the year - net of tax	**(₱59,671,681)**	₱5,019,775
Net changes in the fair market value of AFS financial assets	**49,725,000**	(60,440,000)
Recycling of fair value change of certain AFS financial assets due to impairment (see Note 23)	**–**	1,360,000
Recycling of fair value change of certain AFS financial assets due to redemption (see Note 25)	**–**	(6,601,820)
Tax effect of the changes in fair market values	**(167,000)**	990,364
Balance at end of the year - net of tax	**(₱10,113,681)**	(₱59,671,681)

In 2016 and 2014, the Group recognized dividends from AFS financial assets amounting to ₱2.55 million and ₱0.51 million, respectively (see Note 25).

11. **Investments and Advances**

Following are the details of this account in 2016 and 2015:

	2016	2015
Investment in an associate and interests in joint ventures	**₱59,972,488**	₱57,213,613
Advances to an associate and joint ventures (see Note 20)	**90,863,461**	90,438,963
	₱150,835,949	₱147,652,576

The movements in the above amounts are as follows:

	2016	2015
Investment in an associate and interests in joint ventures:		
Acquisition cost -		
Balance at beginning and end of year	**₱131,722,056**	₱131,722,056

(Forward)

	2016	2015
Accumulated equity in net losses:		
Balance at beginning of year	**(₱74,508,443)**	(₱71,394,727)
Equity in net earnings (losses) during the year	**2,758,875**	(3,113,716)
Balance at end of year	**(71,749,568)**	(74,508,443)
	59,972,488	57,213,613
Advances to an associate:		
Balance at beginning of year	**87,860,215**	87,610,215
Advances during the year (see Note 20)	**409,481**	250,000
Balance at end of year	**88,269,696**	87,860,215
Advances to joint ventures -		
Balance at beginning of year	**2,578,748**	–
Advances during the year (see Note 20)	**15,017**	2,578,748
Balance at end of year	**2,593,765**	2,578,748
Total investments and advances	**₱150,835,949**	₱147,652,576

The ownership interests in joint ventures and an associate, which were all incorporated in the Philippines, and are accounted for under the equity method, as at December 31, 2016 and 2015 follows:

	Principal Activities	Percentage of Ownership	
		Direct	Indirect
Associate -			
Mont-Aire Realty and Development Corporation (Mont-Aire)	Real Estate	49	–
Joint Ventures:			
INQ7 Interactive, Inc. (INQ7)	Internet Publishing	50	–
Philippine Entertainment Portal (PEP)*	Internet Publishing	–	50
Gamespan, Inc. (Gamespan)*	Betting Games	–	50

**Indirect investment through GNMI.*

The carrying values of investments and the related advances are as follows:

	2016		
	Investments	**Advances** (Note 20)	**Total**
Associate -			
Mont-Aire	**₱38,350,619**	**₱88,269,696**	**₱126,620,315**
Joint ventures:			
Gamespan	**8,947,966**	**1,959,670**	**10,907,636**
PEP	**12,673,903**	**634,095**	**13,307,998**
	21,621,869	**2,593,765**	**24,215,634**
	₱59,972,488	**₱90,863,461**	**₱150,835,949**

	2015		
	Investments	Advances (Note 20)	Total
Associate -			
Mont-Aire	₱38,350,619	₱87,860,215	₱126,210,834
Joint ventures:			
Gamespan	8,947,966	1,959,670	10,907,636
PEP	9,915,028	619,078	10,534,106
	18,862,994	2,578,748	21,441,742
	₱57,213,613	₱90,438,963	₱147,652,576

The associate and joint ventures are not listed in any public stock exchanges.

PEP

On April 16, 2007, the Group and Summit Publishing, Co. entered into a shareholder's agreement for the establishment of PEP. The joint venture was organized to design, conceptualize, operate and maintain websites that make available all kinds of show business, entertainment and celebrity information, video or pictures in the internet worldwide web or other forms of seamless communication.

The Group recognized its share in net earnings of PEP amounting to ₱2.76 million and ₱5.20 million in 2016 and 2014, respectively, and share in net losses of ₱3.11 million in 2015.

Gamespan

On March 22, 2012, the Group, through GNMI, executed a Shareholder's Agreement with Manila Jockey Club (MJC) for the establishment of Gamespan, a joint venture corporation. The joint venture was organized to operate and manage the hardware and software owned by MJC, set-up new media infrastructure for offering and taking bets in horse racing and other sports.

Gamespan has not started its commercial operations since its establishment. In 2014, the Group and MJC agreed to terminate its shareholder's agreement and to close Gamespan. As at December 31, 2016, the process of cessation of Gamespan is ongoing. Since Gamespan already ceased its operations, the Group did not recognize any share in net earnings in 2016 and 2015. In 2014, the Group still recognized its share in net earnings of Gamespan amounting to ₱0.14 million.

INQ7

Losses of INQ7 recognized under the equity method in excess of the Group's carrying value of investment were applied against its advances to the Parent Company thereby reducing both advances and investments to zero as at December 31, 2016 and 2015. INQ7 ceased operations in 2007. In 2013, INQ7 submitted a request to liquidate its assets to SEC.

The Company believes that its interests in joint ventures are not individually material. Aggregate information of joint ventures that are not individually material are as follows:

	2016	2015	2014
The Group's share of income (loss) / total comprehensive income (loss)	**2,758,875**	(3,113,716)	5,338,761
Aggregate carrying value of the Group's interests and advances	**24,215,634**	21,441,742	

Mont-Aire
The table below shows the condensed financial information of Mont-Aire as at December 31, 2016 and 2015, respectively:

Current assets	₱53,469,276
Noncurrent assets	120,275,583
	173,744,859
Current liabilities	1,269,154
Noncurrent liabilities	94,209,136
	95,478,290
Net assets	78,266,569
Proportion of the Group's ownership	49%
Carrying amount of investment	₱38,350,619

Mont-Aire ceased commercial operations in 2009. Assets include real estate and parcels of land with an aggregate fair market value of ₱210.64 million, as determined by an accredited appraiser as at March 14, 2017, enough to cover for the carrying amount of the Group's investment in Mont-Aire.

12. Property and Equipment at Cost

	2016				
	January 1	**Additions/ Depreciation** (see Notes 22 and 23)	**Disposals**	**Reclassifications**	**December 31**
Cost:					
Buildings, towers and improvements	**₱2,910,206,400**	**₱8,420,366**	**(₱335,203)**	**₱1,985,398**	**₱2,920,276,961**
Antenna and transmitter systems and broadcast equipment	**6,286,870,854**	**91,229,693**	**(3,067,574)**	**8,503,032**	**6,383,536,005**
Communication and mechanical equipment	**1,140,698,007**	**22,917,867**	**(13,837,936)**	**–**	**1,149,777,938**
Transportation equipment	**497,684,142**	**90,606,340**	**(91,288,040)**	**1,680,131**	**498,682,573**
Furniture, fixtures and equipment	**149,434,697**	**2,057,143**	**(2,678)**	**89,286**	**151,578,448**
	10,984,894,100	**215,231,409**	**(108,531,431)**	**12,257,847**	**11,103,851,925**
Accumulated Depreciation:					
Buildings, towers and improvements	**1,622,570,206**	**142,164,688**	**(283,525)**	**–**	**1,764,451,369**
Antenna and transmitter systems and broadcast equipment	**5,082,620,082**	**406,508,987**	**(3,067,574)**	**–**	**5,486,061,495**
Communication and mechanical equipment	**942,894,076**	**86,094,750**	**(13,837,936)**	**–**	**1,015,150,890**
Transportation equipment	**336,710,843**	**77,508,058**	**(87,944,327)**	**–**	**326,274,574**
Furniture, fixtures and equipment	**133,329,058**	**9,044,588**	**(1,718)**	**–**	**142,371,928**
	8,118,124,265	**721,321,071**	**(105,135,080)**	**–**	**8,734,310,256**
Construction in progress and equipment for installation	**261,073,466**	**229,152,567**	**–**	**(83,282,718)**	**406,943,315**
	₱3,127,843,301	**(₱276,937,095)**	**(₱3,396,351)**	**(₱71,024,871)**	**₱2,776,484,984**

	2015				
	January 1	Additions/ Depreciation (see Notes 22 and 23)	Disposals	Reclassifications	December 31
Cost:					
Buildings, towers and improvements	₱2,877,960,263	₱8,297,116	₱–	₱23,949,021	₱2,910,206,400
Antenna and transmitter systems and broadcast equipment	6,130,437,578	169,961,236	(2,711,554)	(10,816,406)	6,286,870,854
Communication and mechanical equipment	1,049,583,717	58,216,900	(65,625)	32,963,015	1,140,698,007
Transportation equipment	484,678,618	65,077,455	(52,823,893)	751,962	497,684,142
Furniture, fixtures and equipment	174,051,159	4,950,779	(289,781)	(29,277,460)	149,434,697
	10,716,711,335	306,503,486	(55,890,853)	17,570,132	10,984,894,100
Accumulated Depreciation:					
Buildings, towers and improvements	1,480,111,379	140,183,177	–	2,275,650	1,622,570,206
Antenna and transmitter systems and broadcast equipment	4,633,309,838	453,313,256	(2,711,555)	(1,291,457)	5,082,620,082
Communication and mechanical equipment	816,954,816	98,119,251	(63,802)	27,883,811	942,894,076
Transportation equipment	304,315,890	91,799,498	(50,966,056)	(8,438,489)	336,710,843
Furniture, fixtures and equipment	143,887,211	13,488,116	(288,004)	(23,758,265)	133,329,058
	7,378,579,134	796,903,298	(54,029,417)	(3,328,750)	8,118,124,265
Construction in progress and equipment for installation	35,678,226	246,294,122	–	(20,898,882)	261,073,466
	₱3,373,810,427	(₱244,105,690)	(₱1,861,436)	₱–	₱3,127,843,301

The cost of fully depreciated assets still used by the Group amounted to ₱5,375.23 million and ₱4,659.21 million as at December 31, 2016 and 2015, respectively.

Construction in progress pertains to costs incurred for installation of equipment, signal strengthening of transmitters nationwide and construction/improvement of studios and stations in the regions.

The ₱71.02 million reclassification relates to the cost of software that were transferred to other noncurrent assets (see Note 15).

As at December 31, 2016 and 2015, no property and equipment have been pledged as collateral or security for any of the Group's liabilities.

13. Land at Revalued Amounts

	2016	2015
Cost:		
Balance at beginning year	**₱349,312,816**	₱346,502,817
Additions	**2,623,618**	2,809,999
Balance at end of year	**351,936,434**	349,312,816
Revaluation increment:		
Balance at beginning of year	**1,453,210,041**	1,453,210,041
Deductions	**–**	–
Balance at end of year	**1,453,210,041**	1,453,210,041
	₱1,805,146,475	₱1,802,522,857

Land used in operations was last appraised on December 17, 2013 by an accredited firm of appraisers and is valued in terms of its highest and best use.

The fair value was determined using the "Market Data Approach" as determined by independent professionally qualified appraisers. The fair value represents the amount that would be received to sell an investment property in an orderly transaction between market participants at the date of valuation.

The fair value is categorized under Level 3 of the fair value hierarchy and represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in accordance with International Valuation Standards.

Management expects that there is no significant change on the fair value of land at revalued amount as at December 31, 2016 and 2015.

As at December 31, 2016 and 2015, no land has been pledged as collateral or security for any of the Group's liabilities and the Group has no restrictions on the realizability of its land and no contractual obligation to purchase, construct or develop land or for repairs, maintenance and enhancements.

14. **Investment Properties**

	2016		
	Land and Improvements	**Buildings and Improvements**	**Total**
Cost:			
Balance at beginning of year	**₱30,501,881**	**₱76,984,510**	**₱107,486,391**
Additions	**–**	**43,811**	**43,811**
Balance at end of year	**30,501,881**	**77,028,321**	**107,530,202**
Accumulated depreciation:			
Balance at beginning of year	**₱–**	**₱50,134,341**	**₱50,134,341**
Depreciation during the year (see Note 23)	**–**	**2,277,701**	**2,277,701**
Balance at end of year	**–**	**52,412,042**	**52,412,042**
Accumulated impairment in value	**–**	**1,804,049**	**1,804,049**
Balance at end of year	**₱30,501,881**	**₱22,812,230**	**₱53,314,111**

	2015		
	Land and Improvements	Buildings and Improvements	Total
Cost:			
Balance at beginning of year	₱30,501,881	₱76,879,099	₱107,380,980
Additions	–	105,411	105,411
Balance at end of year	30,501,881	76,984,510	107,486,391
Accumulated depreciation:			
Balance at beginning of year	–	46,765,625	46,765,625
Depreciation during the year (see Note 23)	–	3,368,716	3,368,716
Balance at end of year	–	50,134,341	50,134,341
Accumulated impairment in value	–	1,804,049	1,804,049
Balance at end of year	₱30,501,881	₱25,046,120	₱55,548,001

Certain investment properties were provided with allowance for impairment in prior years. Management believes that the carrying values after impairment approximate its recoverable values.

The fair market value of investment properties owned by the Group amounted to ₱133.67 million as at December 31, 2013. Land was last appraised on December 17, 2013 by an accredited appraiser and is valued in terms of its highest and best use. The fair value determined using the “Market Data Approach”. Management expects that there is no significant change in the fair market value as at December 31, 2016 and 2015. The fair value represents the amount that would be received to sell an investment property in an orderly transaction between market participants at the date of valuation.

The fair value is categorized under Level 3 of the fair value hierarchy and represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in accordance with International Valuation Standards.

Rental income and the directly related expenses arising from these investment properties follow:

	2016	2015	2014
Rental income (see Note 25)	**₱3,864,727**	₱3,664,115	₱2,995,615
Direct operating expenses	**(2,277,701)**	(3,368,716)	(3,006,994)
	₱1,587,026	₱295,399	(₱11,379)

As at December 31, 2016 and 2015, no investment properties have been pledged as collateral or security for any of the Group’s liabilities and the Group has no restriction on the realizability of its investment properties and no contractual obligation to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

15. **Other Noncurrent Assets**

	2016	2015
Software costs	**₱71,711,958**	₱17,406,636
Deferred input VAT	**32,214,081**	30,876,257
Guarantee deposits	**25,721,674**	18,046,427
Refundable deposits	**13,328,432**	20,040,588
Investment in artworks	**10,186,136**	10,406,255
Deferred production cost	**1,098,771**	1,952,433
Others	**58,924**	533,642
	₱154,319,976	₱99,262,238

Deferred input VAT relates to input tax on capital goods which is available for future application against output VAT in future periods.

The movements in software costs follow:

	2016	2015
Cost:		
Balance at beginning of year	**₱258,281,297**	₱256,111,222
Additions during the year	**454,017**	2,170,075
Reclassifications during the year (see Note 12)	**71,024,871**	–
Balance at end of year	**329,760,185**	258,281,297
Accumulated amortization:		
Balance at beginning of year	**240,874,661**	220,194,130
Amortization during the year (see Note 23)	**17,173,566**	20,680,531
Balance at end of year	**258,048,227**	240,874,661
	₱71,711,958	₱17,406,636

16. Trade Payables and Other Current Liabilities

	2016	2015
Trade payables	**₱865,374,490**	₱592,626,117
Payable to government agencies	**768,564,415**	595,723,879
Customers' deposits	**61,748,503**	239,932,427
Advances from customers (see Note 10)	**42,876,300**	156,369,021
Accrued expenses:		
Production costs	**268,495,825**	214,239,585
Payroll and talent fees (see Note 26)	**194,899,454**	222,796,911
Utilities and other expenses	**175,942,277**	80,158,312
Commission	**24,466,466**	50,373,301
Others	**39,577,871**	38,437,946
	₱2,441,945,601	₱2,190,657,499

Trade payables to suppliers are noninterest-bearing and are normally settled on terms ranging from 7 to 60 days.

Payable to government agencies is remitted within 30 days after the end of the relevant reporting period.

Customers' deposits include guaranty deposits from advertising agencies to secure payment of bills by advertisers. These deposits are non-interest bearing and normally refunded once the related broadcasts are paid by the advertisers. It also includes deposits from the Group's lessees upon inception of the lease agreements.

Advances from customers include payments received before broadcast from customers. These deposits will be settled and implemented within the next financial year. As provided in Note 10, this account also includes unearned revenue of ₱22.00 million resulting from the sale of the Group's interests in X-Play in 2015.

Accrued expenses and other payables are noninterest-bearing and are generally settled within the next financial year.

Others include unpaid subscriptions and customs duties. These are noninterest-bearing and are normally settled within one year.

17. **Short-term Loans**

The Parent Company obtained unsecured short-term peso and US dollar denominated loans from a bank in 2016 and 2015. Details and movements of the short-term loans are as follows:

	2016	2015
Balance at beginning of year	**₱1,152,970,000**	₱2,222,960,000
Availments	**500,000,000**	1,200,000,000
Payments	**(1,017,624,500)**	(2,325,197,500)
Foreign exchange loss	**11,014,500**	55,207,500
Balance at end of year	**₱646,360,000**	₱1,152,970,000

The loans consist of fixed rate notes with the following details:

Lender	Currency	Amount	Interest Rate (per annum)	Terms	**2016**	2015
Citibank	Dollar	$13,000,000	1.52%	Availed of in 2016; payable in one year	**₱646,360,000**	₱–
Citibank	Dollar	$13,000,000	1.73%	Availed of in 2015; payable in one year	–	1,152,970,000
Total					**₱646,360,000**	₱1,152,970,000

Interest expense and other financing charges amounted to ₱16.70 million, ₱39.09 million and ₱31.68 million in 2016, 2015 and 2014, respectively.

18. **Obligations for Program and Other Rights**

Obligations for program and other rights represent liabilities to foreign and local film suppliers for program and other rights purchased by the Group. Outstanding unpaid balance as at December 31, 2016 and 2015 amounted to ₱76.85 million and ₱220.84 million, respectively. Obligations for program rights is noninterest-bearing and is generally payable in equal monthly or quarterly installments.

Interest expense recognized on obligation and program rights amounted to ₱0.21 million, ₱1.44 million and ₱2.58 million in 2016, 2015 and 2014, respectively.

19. **Equity**

a. Capital Stock

Details of capital stock as at December 31, 2016 and 2015:

	Preferred		Common	
	Number of Shares	Peso Equivalent	Number of Shares	Peso Equivalent
Authorized - ₱0.20 par value per preferred share/₱1.00 par value per common share	7,500,000,000	₱1,500,000,000	5,000,000,000	₱5,000,000,000
Subscribed and issued	7,500,000,000	₱1,500,000,000	3,364,692,000	₱3,364,692,000

	Preferred		Common	
	Number of Shares	Peso Equivalent	Number of Shares	Peso Equivalent
Treasury shares	492,816	₱98,563	3,645,000	₱3,645,000
Underlying shares of the acquired PDRs	–	₱–	750,000	₱750,000

The preferred shares are of equal rank, preference and priority and are identical in all respect regardless of series. Preferred shares are participating at the rate of one fifth (1/5) of the dividends paid to common shares, the rate of which is adjusted proportionately by the Parent Company's BOD consequent to any stock split or stock dividend declaration affecting the common shares and preferred shares. Preferred shares are convertible at the option of the shareholders at the ratio of five preferred shares to one common share, based on par value.

Preferred shares enjoy priority over common shares in the distribution of assets of the Parent Company in the event of dissolution and liquidation, at such rates, terms and conditions as the BOD may determine. Each preferred share is entitled to one vote and shall have the same voting rights as the common shares.

The Parent Company's BOD may specify other terms and conditions, qualifications, restrictions and privileges of the preferred shares or series/classes thereof, insofar as such terms, conditions, qualifications, restrictions and privileges are not inconsistent with the articles of incorporation and any applicable law or regulation.

The following summarizes the information on the Parent Company's registration of securities with the SEC which was approved on June 20, 2007, as required by Securities Regulation Code (SRC) Rule 68, As Amended (2011):

Securities	Authorized and issued shares	Issue/Offer Price
Initial public offering	91,346,000	₱8.50
Underlying common shares of PDRs	945,432,000	8.50
Over-allotment common shares	13,701,000	8.50
Common shares covering employee stock option plan	57,000,000	8.50
Underlying shares of the acquired PDRs	945,432,000	8.50

In prior years, the Parent Company has acquired 945.43 million PDRs issued by GMA Holdings for ₱8.50 per share. In as much as each PDR share grants the holder, upon payment of the exercise price and subject to certain other conditions, the delivery of one (1) Parent Company share or the sale and delivery of the proceeds of such sale of Parent Company share, such PDRs held by the Parent Company is being treated similar to a treasury shares.

b. Retained Earnings

The retained earnings of the Parent Company is restricted for the payment of dividends to the extent of ₱34.27 million as at December 31, 2016 and 2015, representing the cost of shares held in treasury and underlying shares of the acquired PDRs amounting to ₱28.48 million and ₱5.79 million, respectively, in both 2016 and 2015.

Consolidated retained earnings include undeclared retained earnings of subsidiaries amounting to ₱168.96 million and ₱192.13 million as at December 31, 2016 and 2015, respectively. The Parent Company's retained earnings available for dividend declaration, computed based on the guidelines provided in SRC Rule 68, As Amended (2011), amounted to ₱3,624.98 million and ₱1,689.77 million as at December 31, 2016 and 2015, respectively.

The BOD of the Parent Company approved the declaration of the following cash dividends in 2016, 2015 and 2014:

Year	Declaration Date	Record Date	Cash Dividend Per Share	Total Cash Dividend Declared
2016	**April 8, 2016**	**April 25, 2016**	**₱0.40**	**₱1,943,884,375**
2015	March 30, 2015	April 24, 2015	₱0.25	₱1,214,854,609
2014	April 2, 2014	April 24, 2014	₱0.27	₱1,312,253,578

On March 27, 2017, the BOD approved the Parent Company's declaration and distribution of cash dividends amounting to ₱0.73 per share totaling ₱3,547.94 million to all stockholders of record at April 20, 2017 and will be paid on May 15, 2017.

20. Related Party Disclosures

Parties are considered to be related if one party has the ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individual or corporate entities.

Outstanding balances at year-end are unsecured and settlement occurs in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. For years ended December 31, 2016 and 2015, the Company has not recorded any impairment of receivables on amounts owed by the related parties. The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

In the ordinary course of business, the Company transacts with associates, affiliates, jointly controlled entities and other related parties on advances, reimbursement of expenses, and future stock subscriptions.

The transactions and balances of accounts as at and for the years ended December 31, 2016 and 2015 with related parties are as follows:

Related Party	Category	Year	Amount/ Volume of Transactions	Receivables (Payables)	Terms	Conditions
Associate -						
Mont-Aire	Advances (see Note 11)	**2016**	**₱409,481**	**₱88,268,696**	Noninterest-	Unsecured;
		2015	250,000	87,610,215	bearing	not impaired
Common stockholders:						
GMA Kapuso Foundation Inc.	Reimbursable charges	**2016**	**3,841,350**	**848,621**	On demand,	Unsecured;
		2015	132,035	4,078,697	noninterest-bearing	not impaired
Belo, Gozon, Elma Law	Legal, consulting and retainers' fees	**2016**	**15,031,670**	**(870,000)**	On demand,	Unsecured;
		2015	12,880,960	(560,000)	noninterest-bearing	not impaired
Joint ventures:						
Gamespan	Advances (see Note 11)	**2016**	**-**	**1,959,670**	Noninterest-	Unsecured;
		2015	1,959,670	1,959,670	bearing	not impaired
PEP	Advances (see Note 11)	**2016**	**15,017**	**634,095**	Noninterest-	Unsecured;
		2015	619,078	619,078	bearing	not impaired

The advances made by the Parent Company to Mont-Aire, Gamespan and PEP are intended for future capital subscription.

Compensation of Key Management Personnel

The compensation of key management personnel of the Group, by benefit type, follows:

	2016	2015	2014
Salaries and other long-term benefits	**₱438,671,187**	₱340,264,893	₱286,346,811
Pension benefits	**160,724,249**	145,000,353	140,385,431
	₱599,395,436	₱485,265,246	₱426,732,242

Equity Investments of the Retirement Fund

The Group's retirement fund includes equity investments in GMA Network, Inc. and GMA PDRs amounting to ₱43.66 million and ₱297.35 million in 2016, respectively, and ₱47.78 million and ₱366.63 million in 2015, respectively (see Note 26).

21. Net Revenues

	2016	2015	2014
Television and radio airtime	**₱15,412,059,397**	₱12,397,118,205	₱10,676,626,531
Subscription income (see Note 27)	**1,147,093,146**	1,023,317,743	1,075,797,836
Production and others	**396,254,397**	324,488,394	231,668,941
	16,955,406,940	13,744,924,342	11,984,093,308
Co-producers' shares	**(282,026,438)**	(17,829,673)	(1,204,962)
	₱16,673,380,502	₱13,727,094,669	₱11,982,888,346

22. **Production Costs**

	2016	2015	2014
Talent fees and production personnel costs (see Note 24)	**₱2,873,152,666**	₱2,800,282,474	₱2,738,810,934
Facilities and production services	**1,057,219,295**	567,552,339	423,825,118
Program and other rights usage (see Note 8)	**836,176,965**	754,638,743	646,680,799
Rental (see Note 27)	**820,553,007**	731,850,677	740,353,019
Tapes, sets and production supplies	**540,954,636**	499,144,415	497,911,836
Depreciation (see Note 12)	**272,208,103**	308,860,531	304,727,337
Transportation and communication	**144,627,484**	180,255,889	199,473,921
	₱6,544,892,156	₱5,842,585,068	₱5,551,782,964

23. **General and Administrative Expenses**

	2016	2015	2014
Personnel costs (see Note 24)	**₱3,054,296,394**	₱2,787,829,952	₱2,682,125,436
Depreciation and amortization (see Notes 12 and 14)	**451,390,669**	491,411,483	471,798,475
Communication, light and water	**274,874,628**	274,428,572	305,091,717
Professional fees	**223,438,561**	171,532,826	128,295,409
Advertising	**182,516,701**	205,890,056	332,414,477
Taxes and licenses	**178,419,077**	157,226,517	231,918,830
Marketing expense	**116,055,208**	169,597,704	131,764,590
Research and surveys	**91,246,946**	93,171,513	104,163,990
Rental (see Note 27)	**79,341,640**	111,783,265	114,768,310
Security services	**60,978,694**	55,017,437	80,529,075
Repairs and maintenance	**40,184,861**	66,894,802	117,069,321
Transportation and travel	**49,018,265**	65,272,971	76,951,664
Software maintenance	**54,231,481**	46,094,304	62,371,317
Insurance	**27,418,475**	27,162,693	26,370,189
Provision for doubtful accounts (see Note 7)	**25,151,364**	8,581,859	715,495
Janitorial services	**24,759,025**	22,555,180	21,320,457
Amortization of software costs (see Note 15)	**17,173,566**	20,680,531	23,369,011
Materials and supplies	**15,350,814**	18,075,596	22,480,776
Entertainment, amusement and recreation	**14,597,783**	13,953,633	13,724,393
Freight and handling	**11,988,188**	10,988,081	12,266,107
Dues and subscriptions	**7,459,137**	8,930,117	14,142,699
Impairment loss on AFS financial assets (see Note 10)	**–**	1,360,000	1,370,300
Others	**52,195,148**	73,932,931	46,947,854
	₱5,052,086,625	₱4,902,372,023	₱5,021,969,892

Others include expenses incurred for messengerial services, other manpower, donations and other miscellaneous expenses.

Depreciation

	2016	2015	2014
Property and equipment			
Production costs (see Notes 12 and 22)	**₱272,208,103**	₱308,860,531	₱304,727,337
General and administrative expenses (see Notes 12 and 23)	**449,112,968**	488,042,767	468,791,481
Investment properties			
General and administrative expenses (see Notes 14 and 23)	**2,277,701**	3,368,716	3,006,994
	₱723,598,772	₱800,272,014	₱776,525,812

24. **Personnel Costs**

	2016	2015	2014
Talent fees	**₱2,813,626,359**	₱2,712,804,218	₱2,652,472,280
Salaries and wages	**1,739,898,034**	1,684,867,546	1,710,460,808
Employee benefits and allowances	**1,079,728,582**	920,994,966	831,296,759
Pension expense (see Note 26)	**227,546,241**	166,938,102	163,016,525
Sick and vacation leaves expense	**66,649,844**	102,507,594	63,689,998
	₱5,927,449,060	₱5,588,112,426	₱5,420,936,370

The above amounts were distributed as follows:

	2016	2015	2014
Production costs (see Note 22)	**₱2,873,152,666**	₱2,800,282,474	₱2,738,810,934
General and administrative expenses (see Note 23)	**3,054,296,394**	2,787,829,952	2,682,125,436
	₱5,927,449,060	₱5,588,112,426	₱5,420,936,370

25. **Others - Net**

	2016	2015	2014
Commission from Artist Center	**₱42,373,980**	₱26,486,506	₱10,316,102
Gain on sale of property and equipment	**29,717,284**	19,962,498	32,321,569
Merchandising license fees and others	**16,126,548**	9,666,065	10,641,552
Tax refund of GMA Pinoy TV	–	14,742,143	20,138,635
Rental income (see Note 27)	**6,561,032**	6,278,507	5,175,461
Bank charges	**(3,898,899)**	(2,596,314)	(2,097,352)
Dividends from AFS financial assets (see Note 10)	**2,550,000**	–	514,942
Income from mall shows	**1,401,855**	7,133,827	4,232,090
Reversal of long-outstanding payables	**3,233,336**	6,466,667	–
Sales of DVDs and integrated receiver-decoders	**120,868**	4,457,354	135,984
Gain on disposal of asset held for sale (see Note 10)	–	23,567,528	–
Recycling of fair value change of certain available-for-sale financial assets due to redemption	–	6,601,820	–
Loss on asset disposed/written off (see Notes 8, 9 and 14)	–	(1,113,094)	(3,624,011)
Loss on redemption of AFS financial assets	–	(147,380)	–
Write-off of AFS financial assets	–	–	(6,725,912)
Gain on sale of investment properties	–	–	396,813
Others	**2,679,083**	(3,952,667)	3,143,722
	₱100,865,087	₱117,553,460	₱74,569,595

26. **Pension and Other Employee Benefits**

As at December 31, pension and other employee benefits consist of:

	2016	2015
Pension liability	**₱1,644,323,747**	₱1,102,714,871
Vacation and sick leave accrual	**288,250,101**	304,942,271
	1,932,573,848	1,407,657,142
Less current portion of vacation and sick leave accrual*	**3,693,586**	9,225,020
Pension and other long-term employee benefits	**₱1,928,880,262**	₱1,398,432,122

**Included in "Accrued expenses" under Trade payables and other current liabilities (see Note 16).*

Pension Benefits

The Group operates non-contributory defined benefit retirement plans.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Pension benefits recognized in the statements of comprehensive income are as follows (see Note 24):

	2016	2015	2014
Current service cost	**₱194,341,085**	₱127,973,941	₱123,391,933
Net interest cost	**33,205,156**	38,964,161	39,624,592
	₱227,546,241	₱166,938,102	₱163,016,525

Net pension liability recognized in the consolidated statements of financial position is as follows:

	2016	2015	2014
Present value of defined benefit obligation	**₱2,319,848,369**	₱1,700,980,562	₱1,642,786,529
Fair value of plan assets	**675,524,622**	598,265,691	481,506,477
Pension liability	**₱1,644,323,747**	₱1,102,714,871	₱1,161,280,052

The changes in the present value of the defined benefit obligation are as follows:

	2016	2015	2014
Balance at beginning of year	**₱1,700,980,562**	₱1,642,786,529	₱1,226,966,160
Current service cost	**194,341,085**	127,973,941	123,391,933
Interest cost	**63,342,653**	64,213,973	75,185,302
Benefits paid	**(80,479,256)**	(133,993,881)	(97,319,728)
Remeasurement losses (gains):			
Changes in financial assumptions	**(241,262,891)**	–	146,438,354
Changes in demographic assumptions	**(19,999,260)**	–	
Experience adjustment	**702,925,476**	–	168,124,508
Balance at end of year	**₱2,319,848,369**	₱1,700,980,562	₱1,642,786,529

The changes in the fair value of plan assets are as follows:

	2016	2015	2014
Balance at beginning of year	**₱598,265,691**	₱481,506,477	₱621,718,108
Contribution during the year	**200,000,000**	172,681,390	17,595,626
Interest income	**30,137,497**	25,249,812	35,560,710
Benefits paid	**(72,832,747)**	(99,518,417)	(97,689,078)
Remeasurement gain (loss) - return on plan assets	**(80,045,819)**	18,346,429	(95,678,889)
Balance at end of year	**₱675,524,622**	₱598,265,691	₱481,506,477

At each reporting period, the Group determines its contribution based on the performance of its retirement fund.

The Group expects to contribute ₱230.00 million to the defined benefit pension plan in 2017.

The funds are managed and supervised by a trustee bank for the benefits of the members. However, the general administration of the funds is vested in a Retirement Committee.

The following table presents the carrying amounts and estimated fair values of the plan assets:

	2016	2015
	Carrying Value/Fair Value	Carrying Value/Fair Value
Cash and cash equivalents	**₱200,855,501**	₱150,245,482
Equity instruments (see Note 20):		
GMA PDRs	**297,351,990**	366,627,268
GMA Network, Inc.	**43,664,280**	47,775,600
Debt instruments -		
Government securities	**116,194,728**	20,201,208
Others	**17,458,123**	13,416,133
	₱675,524,622	₱598,265,691

The plan assets consist of the following:

- Cash and cash equivalents consist of regular savings and time deposits.
- Investments in equity instruments consist of listed shares of GMA Network, Inc. and GMA PDRs (see Note 20). Changes in the fair market value in these investments amounted to a gain of ₱17.91 million, ₱91.93 million, and ₱63.91 million in 2016, 2015 and 2014, respectively.
- Investments in debt instruments bear interest ranging from 1.94% to 7.89% and have maturities from May 2017 to October 2037. Equity and debt instruments held have quoted prices in an active market.
- Others consist of loans and receivables which are collectible within the next twelve months.

The person who exercises voting rights over shares is within the powers of the Trustee, who do not have any relationship with the directors or officers of the Group.

The plan assets are primarily exposed to financial risks such as liquidity risk and price risk.

Liquidity risk pertains to the plan's ability to meet its obligation to the employees upon retirement. To effectively manage liquidity risk, the Board of Trustees invests at least the equivalent amount of actuarially computed expected compulsory retirement benefit payments for the year to liquid/semi-liquid assets such as treasury notes, treasury bills, and savings and time deposits with commercial banks.

The Group performs an Asset-Liability Matching Study (ALM) annually. The principal technique of the Group's ALM in order to minimize the portfolio liquidation risk is to ensure that the expected return on assets will be sufficient to support the desired level of funding arising from the defined benefit plans.

Price risk pertains mainly to fluctuations in market prices of equity securities listed in the Philippine Stock Exchange. In order to effectively manage price risk, the Board of Trustees continuously assesses these risks by closely monitoring the market value of the securities and implementing prudent investment strategies.

However, in the event a benefit claim arises under the retirement plan and the retirement fund is not sufficient to pay the benefit, the unfunded portion of the claim shall immediately be due and payable to the retirement fund from the Group.

The principal assumptions used in determining pension liability for the Group's plans are shown below:

	2016	2015	2014
Discount rate	**5.39%**	5.00%	4-5%
Expected rate of salary increase	**4.00%**	4.00%	4.00%
Turn-over rates:			
19-24 years old	**9.54%**	13.22%	8.63%
25-29 years old	**7.26%**	6.60%	6.71%
30-34 years old	**3.79%**	1.85%	3.70%
35-39 years old	**3.20%**	2.28%	3.04%
40-44 years old	**2.31%**	1.80%	2.50%
≥45 years old	**1.96%**	1.63%	2.84%

The sensitivity analysis below has been determined by remeasuring the defined benefit obligation at the reporting period after first adjusting one of the current assumption that were reasonably possible at the valuation date while all other assumptions remained unchanged. It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

	Increase (Decrease) in Basis Points	Increase (Decrease) in Defined Benefit Obligation		
		2016	2015	2014
Discount rate	50	**(₱130,821,241)**	(₱85,998,488)	(₱101,408,874)
	(50)	**142,741,801**	94,061,708	111,348,361
Future salary increases	50	**132,347,649**	91,314,035	103,936,573
	(50)	**(122,666,215)**	(84,180,125)	(95,817,259)

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2016:

Less than one year	208,054,572
More than 1 year to 3 years	420,839,136
More than 3 years to 7 years	1,411,147,128
More than 7 years to 15 years	1,713,761,822
More than 15 years to 20 years	2,618,742,853
More than 20 years	7,329,216,867

Other Employee Benefits
Other long-term employee benefits consist of accumulated and unexpired employee sick and vacation leave entitlements. Noncurrent portion of other employee benefits amounted to ₱284.56 million and ₱295.72 million as at December 31, 2016 and 2015, respectively, while current portion of other employee benefits recorded in "Accrued payroll and talent fees" included under "Trade and other current liabilities" account amounted to ₱3.69 million and ₱9.23 million as at December 31, 2016 and 2015, respectively (see Note 16).

27. **Agreements**

Lease Agreements

Operating Lease Commitments - Group as Lessee. The Group entered into various lease agreements for the land, building, studio spaces, satellite and airtime that it presently occupies and uses for periods ranging from three to twenty five years. The leases are cancellable at the Group's option.

Also, in June 2012, the Parent Company agreed to extend its non-cancellable Co-production/ Blocktime Rental Agreement with ZOE Broadcasting Network, Inc. (ZBN) for another seven years from June 2012 to May 2019. On the first year of the contract renewal, the Parent Company shall pay ZBN an amount equivalent to total payments from June 2011 to May 2012, subject to yearly escalation of 10.00%.

The future minimum rentals payable under the non-cancellable operating lease with ZBN follow:

	2016	2015
Within one year	**₱192,153,087**	₱174,684,625
After one year but not more than five years	**302,905,890**	495,058,978
	₱495,058,977	₱669,743,603

The Group's other lease arrangements consist of short-term leases, on a need basis.

Total rental expense amounted to ₱899.89 million, ₱843.63 million and ₱855.12 million in 2016, 2015, and 2014, respectively (see Notes 22 and 23).

Operating Lease - Group as Lessor. The Group also leases out certain properties for a period of one year, renewable annually. The leased out properties include investment properties and portion of land in regional stations. Total rental income amounted to ₱6.56 million, ₱6.28 million and ₱5.18 million in 2016, 2015 and 2014, respectively (see Note 25).

Subscription Agreements
The Parent Company entered into various subscription agreements with international cable providers for the airing of its programs and shows abroad. The agreements generally have terms of three to five years and are based on certain agreed service package rates.

Total subscription income amounted to ₱1,147.09 million, ₱1,023.32 million and ₱1,075.80 million in 2016, 2015 and 2014, respectively (see Note 21).

28. **Income Taxes**

The current income tax pertains to the following:

	2016	2015	2014
RCIT	**₱1,510,149,656**	₱951,169,854	₱512,851,208
MCIT	**773,934**	3,728,988	1,066,086
	₱1,510,923,590	₱954,898,842	₱513,917,294

Income Tax
The reconciliation between the statutory income tax and effective income tax on income before income tax is shown below:

	2016	2015	2014
Statutory income tax	**30%**	30%	30%
Additions (deductions) in income tax resulting from:			
Interest income already subjected to final tax	**(0.13)**	(0.10)	(0.23)
Nondeductible interest expense	**0.06**	(0.06)	0.08
Nondeductible tax deficiency payment	**0.05**	0.01	–
Equity in net earnings (losses) of joint ventures	**(0.02)**	0.03	(0.37)
Nontaxable refund of foreign tax credit	–	(0.02)	–
Others - net	**0.02**	0.12	1.25
Effective income tax	**29.98%**	29.98%	30.73%

Deferred Income Taxes
The components of the Group's net deferred income tax assets and liabilities are as follows:

	2016	2015
Deferred income tax assets:		
Pension liability	**₱493,297,124**	₱330,027,627
Allowance for doubtful accounts	**92,041,255**	83,904,405
Other long-term employee benefits	**85,366,955**	91,278,545
Intercompany sale of intangible assets	**36,000,000**	40,500,000
Accrued rent	**26,666,203**	28,650,284
Customers' deposits	**12,850,803**	46,910,706
Allowance for probable losses in advances	**7,405,770**	–
Excess MCIT over RCIT	**3,121,656**	196,806
Unrealized loss on AFS	**282,954**	449,954
Allowance for probable losses in investments	–	7,405,770
Unrealized foreign exchange loss	–	7,657,482
Others	**116,920**	–
	757,149,640	636,981,579

	2016	2015
Deferred income tax liabilities:		
Revaluation increment on land	**(₱435,963,012)**	(₱435,963,012)
Unrealized foreign exchange gain	**(17,465,097)**	(377,212)
Unamortized capitalized borrowing costs	**(12,092,581)**	(15,115,728)
Discounting of noncurrent obligation for program and other rights	**–**	(62,708)
Others	**(116,920)**	–
	(465,637,610)	(451,518,660)
	₱291,512,030	₱185,462,919

The components of deferred income tax assets (liabilities) pertaining to accounts presented under equity in the consolidated statements of financial position are as follows:

	2016	2015
Revaluation increment on land	**(₱435,963,012)**	(₱435,963,012)
Pension liability - remeasurement loss on retirement plan	**285,292,530**	128,779,787
Revaluation of AFS financial assets	**282,954**	449,954
	(₱150,387,528)	(₱306,733,271)

The components of the subsidiaries' deductible temporary differences and carryforward benefits of NOLCO and MCIT, for which no deferred income tax assets have been recognized in the Group's consolidated statements of financial position, are as follows:

	2016	2015
NOLCO	**₱11,644,457**	₱35,320,723
Allowance for doubtful accounts	**1,166,922**	6,989,912
Excess MCIT over RCIT	**773,934**	161,953
Allowance for inventory stock	**758,581**	1,708,252
Pension liability	**733,647**	2,622,785
Other long-term employee benefits	**165,357**	680,456
	₱15,242,898	₱47,484,081

The unrecognized deferred tax assets from the above deductible temporary differences and carryforward benefits of NOLCO and MCIT amounted to ₱5.11 million and ₱14.36 million as at December 31, 2016 and 2015, respectively.

The deferred income tax assets were not recognized as management believes that future taxable income against which the deferred income tax assets can be used for these entities may not be available.

As at December 31, 2016, the Group's MCIT and NOLCO are as follows:

Date Paid/Incurred	Carry forward Benefit Up To	MCIT	NOLCO
December 31, 2014	December 31, 2017	₱76,483	₱9,800,647
December 31, 2015	December 31, 2018	281,876	233,636
December 31, 2016	December 31, 2019	3,537,231	1,610,174
		₱3,895,590	₱11,644,457

The movements in MCIT and NOLCO in 2016 are as follows:

	MCIT	NOLCO
Balance at beginning of year	₱358,759	₱35,320,723
Additions	3,537,231	1,610,174
Application	–	(25,286,440)
Expirations	(400)	–
	₱3,895,590	₱11,644,457

29. EPS Computation

The computation of basic and diluted EPS follows:

	2016	2015	2014
Net income attributable to equity holders of the Parent Company (a)	**₱3,626,334,921**	₱2,115,082,277	₱1,004,651,016
Less attributable to preferred shareholders	**1,119,119,934**	652,733,626	310,044,440
Net income attributable to common equity holders of the Parent Company (b)	**2,507,214,987**	1,462,348,651	₱694,606,576
Common shares issued at the beginning of year (Note 19)	**3,364,692,000**	3,364,692,000	3,364,692,000
Treasury shares (Note 19)	**(3,645,000)**	(3,645,000)	(3,645,000)
Underlying shares on acquired PDRs (Note 19)	**(750,000)**	(750,000)	(750,000)
Weighted average number of common shares for basic EPS (c)	**3,360,297,000**	3,360,297,000	3,360,297,000
Weighted average number of common shares	**3,360,297,000**	3,360,297,000	3,360,297,000
Effect of dilution - assumed conversion of preferred shares	**1,500,000,000**	1,500,000,000	1,500,000,000
Reacquired preferred shares	**(98,563)**	(98,563)	(98,563)
Weighted average number of common shares adjusted for the effect of dilution (d)	**4,860,198,437**	4,860,198,437	4,860,198,437
Basic EPS (b/c)	**₱0.746**	₱0.435	₱0.207
Diluted EPS (a/d)	**₱0.746**	₱0.435	₱0.207

30. Financial Risk Management Objectives and Policies

The Group’s principal financial instruments include cash and cash equivalents. The main purposes of these financial instruments include raising financing for the Group’s operations and managing identified financial risks. The Group has other financial assets and liabilities such as trade and nontrade receivables, refundable deposits, trade payables and other current liabilities (excluding payable to government agencies, customers’ deposits and advances from customers), short-term loans, obligations for program and other right, dividends payable and other long-term employee benefits, which arise directly from its operations, and AFS financial assets. The main risks arising from the use of financial instruments are liquidity risk, foreign currency exchange risk and credit risk. The Group is not exposed to interest rate risk as most of its financial assets and financial liabilities have fixed rates.

The BOD reviews and approves the Group's objectives and policies.

Liquidity Risk. The Group is exposed to the possibility that adverse changes in the business environment and/or its operations would result in substantially higher working capital requirements and subsequently pose difficulty in financing the additional working capital.

The Group manages liquidity risk by using its cash and cash equivalents from operations to meet its short-term liquidity needs. The Group likewise regularly evaluates other financing instruments and arrangements to broaden the Group's range of financing sources.

The tables below summarize the maturity profile of the Group's financial assets used for liquidity risk management purposes and financial liabilities based on contractual undiscounted payments as at December 31:

	2016				
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than 1 year**	**Total**
Loans and receivables:					
Cash and cash equivalents	**₱1,950,184,026**	**₱1,468,830,179**	**₱–**	**₱–**	**₱3,419,014,205**
Trade receivables:					
Television and radio airtime	**1,415,207,927**	**3,384,171,663**	–	–	**4,799,379,590**
Subscriptions	**138,020,506**	**219,899,497**	–	–	**357,920,003**
Others	**58,344,349**	**49,029,986**	–		**107,374,335**
Nontrade receivables:					
Advances to officers and employees	–	**3,183,197**	–	–	**3,183,197**
Others	**1,430,307**	**1,019,449**		–	**2,449,756**
Refundable deposits*	–	–	–	**13,328,432**	**13,328,432**
	3,563,187,115	**5,126,133,971**	–	**13,328,432**	**8,702,649,518**
AFS financial assets	–	–	–	**243,391,881**	**243,391,881**
	3,563,187,115	**5,126,133,971**	-	**256,720,313**	**8,946,041,399**
Other financial liabilities:					
Trade payables and other current liabilities**	**₱556,998,971**	**₱949,127,898**	**₱62,629,514**	**₱–**	**₱1,568,756,383**
Short-term loans***	–	**2,456,168**	**648,816,168**	–	**651,272,336**
Obligations for program and other rights	–	**76,847,692**	–	–	**76,847,692**
Dividends payable	**12,705,059**	–	–	–	**12,705,059**
	₱569,704,030	**₱1,028,431,758**	**₱711,445,682**	**₱–**	**₱2,309,581,470**

**Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).*
***Excluding payable to government agencies, customer deposits and advances from customers amounting to ₱768.56 million, ₱61.75 million and ₱42.88 million, respectively (see Note 16).*
****Gross contractual payments.*

	2015				
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Loans and receivables:					
Cash and cash equivalents	₱1,507,225,528	₱653,042,597	₱–	₱–	₱2,160,268,125
Trade receivables:					–
Television and radio airtime	1,400,967,153	2,575,855,130	–	–	3,976,822,283
Subscriptions	102,517,693	175,160,249	–	–	277,677,942
Others	22,686,391	94,525,563	–		117,211,954
Nontrade receivables:					
Advances to officers and employees	315,790	3,102,192	–	–	3,417,982
Others	4,991,390	4,077,051		–	9,068,441
Refundable deposits*	–	–	–	20,040,588	20,040,588
	3,038,703,945	3,505,762,782	–	20,040,588	6,564,507,315
AFS financial assets	–	-	-	191,116,881	191,116,881
	₱3,038,703,945	₱3,505,762,782	₱–	₱211,157,469	₱6,755,624,196
Other financial liabilities:					
Trade payables and other current liabilities**	₱592,626,117	₱567,568,109	₱38,437,946	₱–	₱1,198,632,172
Short-term loans***	–	–	1,170,419,995	–	1,170,419,995
Interest payable from short-term loans	–	–	9,944,366	–	9,944,366
Obligations for program and other rights	–	220,843,041	–	–	220,843,041
Dividends payable	10,873,177	–	–	–	10,873,177
	₱603,499,294	₱788,411,150	₱1,218,802,307	₱–	₱2,610,712,751

**Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).*
***Excluding payable to government agencies, customer deposits and advances from customers amounting to ₱595.72 million, ₱239.93 million and ₱156.37 million, respectively (see Note 16).*
****Gross contractual payments.*

Foreign Currency Exchange Risk. Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Group's exposure to foreign currency exchange risk results from certain business transactions denominated in foreign currencies. It is the Group's policy to ensure that capabilities exist for active but conservative management of its foreign currency exchange risk.

The Group's foreign currency-denominated monetary assets and liabilities are as follows:

	2016		2015	
Assets				
Cash and cash equivalents	**$11,811,022**	**₱587,244,014**	$11,450,723	₱538,871,024
Trade receivables	**7,198,713**	**357,920,010**	5,900,509	277,677,954
	$19,009,735	**₱945,164,024**	$17,351,232	₱816,548,978
Liabilities				
Trade payables	**$615,063**	**₱30,580,932**	$2,684,356	₱126,325,793
Short-term loans	**13,000,000**	**646,360,000**	24,500,000	1,152,970,000
Obligations for program and other rights	**1,003,156**	**49,876,916**	3,174,067	149,371,593
	$14,618,219	**₱726,817,848**	$30,358,423	₱1,428,667,386
	$4,391,516	**₱218,346,176**	($13,007,191)	₱(612,118,408)

In translating the foreign currency-denominated monetary assets and liabilities into Philippine peso amounts, the exchange rate used were ₱49.72 to US$1.00 and ₱47.06 to US$1.00, the Philippine peso to U.S. dollar exchange rate as at December 31, 2016 and 2015, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in US$ exchange rate, with all other variables held constant, of the Group's income before income tax from reporting period up to next reporting period (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Group's equity other than those already affecting profit or loss.

	Appreciation (Depreciation) of ₱	Effect on Income before Income Tax
2016	**0.50**	**(₱2,195,758)**
	(0.50)	**2,195,758**
2015	0.50	(₱6,503,596)
	(0.50)	6,503,596

Credit Risk. Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. It is the Group's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales of products and services are made to customers with appropriate credit history. The Group has an internal mechanism to monitor the granting of credit and management of credit exposures. The Group has made provisions, where necessary, for potential losses on credits extended. The Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of the instruments. The Group does not require any collateral for its financial assets, thus, maximum exposure to credit risk is equal to the carrying value of the financial instruments.

The table below shows the maximum exposure to credit risk for the components of the consolidated financial position as at December 31:

	2016	2015
Loans and receivables		
Cash and cash equivalents*	**₱3,355,349,108**	₱2,032,971,890
Trade receivables:		
Television and radio airtime	**4,799,379,590**	3,976,822,283
Subscriptions	**357,920,003**	277,677,942
Others	**107,374,334**	117,211,954
Nontrade receivables:		
Advances to officers and employees	**3,183,197**	3,417,982
Others	**2,449,756**	9,068,441
Refundable deposits**	**13,328,432**	20,040,588
	8,638,984,420	6,437,211,080
AFS financial assets	**243,391,881**	191,116,881
	₱8,882,376,301	₱6,628,327,961

**Excluding cash on hand amounting to ₱63.67 million and ₱127.33 million as at December 31, 2016 and 2015, respectively.*
***Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).*

The credit quality of financial assets is managed by the Group using high grade and standard grade as internal credit ratings.

- *High Grade.* Pertains to a counterparty who is not expected by the Group to default in settling its obligations, thus credit risk exposure is minimal. This normally includes prime financial institutions and companies and top 20 advertisers in terms of volume of sales, who consistently pay on or before the maturity date and related parties.

- *Standard Grade.* Pertains to a counterparty with tolerable delays (normally from 1 to 30 days) in settling its obligations to the Group. The delays may be due to cut-off differences. This includes customers outside the top 20 advertisers in terms of volume of sales, who consistently pay on maturity date and officers and employees.

As at December 31, 2016 and 2015, the credit quality of the Group's financial assets is as follows:

	2016				
	Neither Past Due Nor Impaired		Past Due but	Past Due and	
	High Grade	**Standard Grade**	**not Impaired**	**Impaired**	**Total**
Loans and receivables:					
Cash and cash equivalents*	**₱3,355,349,108**	**₱–**	**₱–**	**₱–**	**₱3,355,349,108**
Trade receivables:					
Television and radio airtime	**2,991,035,726**	**264,889,963**	**1,543,453,901**	**298,663,895**	**5,098,043,485**
Subscriptions	**171,167,030**	**28,693,321**	**158,059,652**	**–**	**357,920,003**
Others	**40,199,708**	**878,744**	**66,295,883**	**9,763,600**	**117,137,935**
Nontrade receivables:					
Advances to officers and employees	**3,183,197**	**–**	**–**	**–**	**3,183,197**
Others	**621,867**	**364,599**	**1,827,889**	**–**	**2,814,355**
Refundable deposits**	**13,328,432**	**–**	**–**	**–**	**13,328,432**
	6,574,885,068	**294,826,627**	**1,769,637,325**	**308,427,495**	**8,947,776,515**
AFS financial assets	**243,391,881**	**–**	**–**	**–**	**243,391,881**
	₱6,818,276,949	**₱294,826,627**	**₱1,769,637,325**	**₱308,427,495**	**₱9,191,168,396**

**Excluding cash on hand amounting to ₱63.67 million as at December 31, 2016.*
***Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).*

	2015				
	Neither Past Due Nor Impaired		Past Due but	Past Due and	
	High Grade	Standard Grade	not Impaired	Impaired	Total
Loans and receivables:					
Cash and cash equivalents*	₱2,032,971,890	₱–	₱–	₱–	₱2,032,971,890
Trade receivables:					
Television and radio airtime	1,891,256,559	474,292,142	1,611,273,582	277,478,231	4,254,300,514
Subscriptions	84,061,725	33,628,253	159,987,964	–	277,677,942
Others	84,885,135	6,950,764	25,376,055	5,797,900	123,009,854
Nontrade receivables:					
Advances to officers and employees	3,102,192	–	315,790	–	3,417,982
Others	3,962,266	114,785	4,991,390	–	9,068,441
Refundable deposits**	20,040,588	–	–	–	20,040,588
	4,120,280,355	514,985,944	1,801,944,781	283,276,131	6,720,487,211
AFS financial assets	191,116,881	–	–	–	191,116,881
	₱4,311,397,236	₱514,985,944	₱1,801,944,781	₱283,276,131	₱6,911,604,092

**Excluding cash on hand amounting to ₱127.33 million as at December 31, 2015.*
***Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).*

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay off existing debts, return capital to shareholders or issue new shares.

The Parent Company is not subject to externally imposed capital requirements.

No changes were made in the objectives, policies or processes for each of the three years ended December 31, 2016, 2015 and 2014.

The Group monitors its capital gearing by measuring the ratio of interest-bearing loan to total equity. The Group's interest-bearing loans, which are the short-term loans, amounted to ₱646.36 million and ₱1,152.97 million as at December 31, 2016 and 2015, respectively. The Group's total equity attributable to equity holders of the Parent Company as at December 31, 2016 and 2015 amounted to ₱10,407.30 million and ₱9,038.85 million, respectively.

31. Fair Value Measurement

The table below presents the carrying values and fair values of the Group's assets and liabilities, by category and by class, as at December 31:

	2016			
		Fair Value		
	Carrying Value	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Input (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets Measured at Fair Value				
Land at revalued amount	**₱1,805,146,475**	**₱–**	**₱–**	**₱1,805,146,475**
AFS financial assets	**89,588,800**	**89,588,800**	**–**	**–**
Assets for which Fair Values are Disclosed				
Investment properties	**53,314,111**	**–**	**–**	**135,434,290**
Loans and receivables - Refundable deposits*	**13,328,432**	**–**	**–**	**12,144,449**
	₱1,961,377,818	**₱89,588,800**	**₱–**	**₱1,952,725,214**

**Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).*

	2015			
		Fair Value		
	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Measured at Fair Value				
Land at revalued amount	₱1,802,522,857	₱–	₱–	₱1,802,522,857
AFS financial assets	39,833,800	39,833,800	–	–
Assets for which Fair Values are Disclosed				
Investment properties	55,548,001	–	–	135,390,479
Loans and receivables - Refundable deposits*	20,040,588	–	–	18,260,354
	₱1,917,945,246	₱39,833,800	₱–	₱1,956,173,690

**Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).*

During the years ended December 31, 2016 and 2015, there were no transfers between levels of fair value measurement. There are no financial instruments classified under levels 1 and 2.

Fair Value Determination
The following methods and assumptions are used to estimate the fair value of each asset and liability for which it is practicable to estimate such value:

Cash and Cash Equivalents, Short-term Investments and Trade and Nontrade Receivables
The carrying values of cash and cash equivalents, short-term investments and trade and nontrade receivables approximate their fair values primarily due to the relatively short-term maturity of these financial instruments.

Refundable Deposits
The fair value of refundable deposits is based on the present value of the future discounted cash flows. Discount rates used range from 3.64% to 4.83% in 2016 and 3.14% to 4.72% in 2015.

AFS Financial Assets
These are investments in quoted and unquoted shares of stock. The fair value of quoted shares is based on quoted market prices. The unquoted shares are stated at cost as there are no reliable sources and bases for subsequent fair value determination..

Investment Properties and Land at Revalued Amount
The valuation for investment properties and land at revalued amount was derived through market data approach based upon prices paid in actual market transactions. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject property adjusted based on certain elements of comparison (e.g. market conditions, location, physical condition and amenities). Significant unobservable valuation input in determining the fair value of investment properties includes adjusted price per square meter that ranges from ₱900 to ₱118,945. On the other hand, significant unobservable valuation input in determining fair value of land at revalued amount includes adjusted price per square meter that ranges from ₱200 to ₱50,000.

Significant increases (decreases) in estimated price per square meter would result in a significantly higher (lower) fair value of the properties.

Trade Payables and Other Current Liabilities (excluding Payable to Government Agencies and Customer Deposits), Short-term Loans, Obligations for Program and Other Rights and Dividends Payable
The carrying values of trade payables and other current liabilities, short-term loans, current portion of obligations for program and other rights and dividends payable approximate their fair values due to the relatively short-term maturity of these financial instruments.

32. Supplemental Information to Consolidated Statements of Cash Flows

Non-cash transaction in 2015 consists of acquisition of AFS financial assets for ₱130.00 million in exchange for investments in X-Play for ₱26.43 million, advances for ₱30.00 million and airtime receivables for ₱28.00 million (see Note 10).

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
GMA Network, Inc.
GMA Network Center
Timog Avenue corner EDSA
Quezon City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of GMA Network, Inc. and Subsidiaries (collectively, the Group) as at December 31, 2016 and 2015 and for each of the three years in the period ended December 31, 2016 included in this Form 17-A, and have issued our report thereon dated March 27, 2017. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Marydith C. Miguel

Marydith C. Miguel
Partner
CPA Certificate No. 65556
SEC Accreditation No. 0087-AR-4 (Group A),
May 1, 2016, valid until May 1, 2019
Tax Identification No. 102-092-270
BIR Accreditation No. 08-001998-55-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5908731, January 3, 2017, Makati City

March 27, 2017

GMA NETWORK, INC. AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES DECEMBER 31, 2016

Annex 68 - E

Additional Components

GMA NETWORK, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-E
DECEMBER 31, 2016

Schedule A. Financial Assets

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amounts of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotation at end of Reporting Period	Income Received and Accrued
Cash and cash equivalents				
Cash in Banks	₱–	₱1,950,184,026	₱–	₱1,505,915
Peso Placements:				
Abacus Capital & Investment Corporation	–	107,352,946	–	5,332,456
Banco De Oro	–	131,138,545	–	1,381,555
Bank of Philippine Island	–	121,551,696	–	1,647,507
Malayan Bank	–	101,727,250	–	1,515,708
Philippine Bank of Communications	–	105,585,108	–	1,429,847
Unicapital, Inc.	–	61,662,771	–	1,581,450
Philippine National Bank	–	50,144,444	–	509,974
Eastwest	–	20,497,074	–	328,613
Union Bank of the Philippines	–	201,547,318	–	1,503,813
MBTC	–	197,184,796	–	994,962
AUB	–		–	1,020,957
UCPB	–	151,854,091	–	2,139,775
Land Bank of the Philippines	–	100,447,277	–	916,063
Amalgamated Investment Bancorporation	–	7,023,698	–	26,993
	–	1,357,717,014	–	20,329,673
Dollar Placements:				
Asia United Bank	–	7,417,536	–	91,069
Eastwest Bank	–	36,003,694	–	626,576
Union Bank of the Philippines	–	16,850,197	–	413,735
	–	60,271,427	–	1,131,380
Total Placements	–	1,417,988,441	–	21,461,053
Short-term Investments	–	50,841,738	–	683,840
	₱–	₱3,419,014,205	₱–	₱23,650,808
Available-for-sale investments				
IP E Games Ventures, Inc.	13,000,000,000	₱117,000,000	₱117,000,000	₱–
Unicapital, Inc.	–	77,659,800	–	–
Mabuhay Philippine Satellite	–	29,000,000	–	–
Optima Studio	–	11,023,156	–	–
Ayala Alabang Country Club - A	1	3,800,000	3,800,000	–
Baguio Country Club	1	1,750,000	1,750,000	–
Metropolitan Club (Metroclub) A	7	1,390,000	1,390,000	–
Manila Southwoods A	1	1,100,000	1,100,000	–
Camp John Hay Golf Club	1	210,000	210,000	–
PLDT Company	2,100	21,000	21,000	–
Reefpoint Picture	–	216,925	–	–
Royale Tagaytay	3	220,000	220,000	–
Others	–	1,000	–	–
	13,000,002,113	₱243,391,881		₱–

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2016

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions: Amount Collected	Deductions: Amount Written Off	Current	Non Current	Balance at End of Period

Not Applicable: The Company has no amounts receivable from directors, officers, employees, related parties and principal stockholders as at December 31, 2016.

Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2016

Alta Productions Company, Inc. (Alta)

			Deductions				
Account	January 1, 2016	Additions	Amount Collected	Amount written off/ Reclassified	Current	Non Current	December 31, 2016
Receivables - Trade	₱–	₱8,221,192	₱–	₱–	8,221,192	₱–	₱8,221,192
Receivables - Nontrade	143,455	–	–	–	–	143,455	143,455
Payables - Trade	–	(43,934,609)	41,796,919	–	(2,137,690)	–	(2,137,690)
Total	**₱143,455**	(₱35,713,417)	₱41,796,919	**₱–**	**₱6,083,502**	**₱143,455**	**₱6,226,957**

			Deductions				
Account	January 1, 2016	Additions	Amount Collected	Amount written off/ Reclassified	Current	Non Current	December 31, 2016
Receivables - Trade	₱–	₱8,221,192	₱–	₱–	8,221,192	₱–	₱8,221,192
Receivables - Nontrade	143,455	–	–	–	–	143,455	143,455
Payables - Trade	–	(43,934,609)	41,796,919	–	(2,137,690)	–	(2,137,690)
Total	**₱143,455**	(₱35,713,417)	₱41,796,919	**₱–**	**₱6,083,502**	**₱143,455**	**₱6,226,957**

Citynet Network Marketing and Productions, Inc. (Citynet)

			Deductions				
Account	January 1, 2016	Additions	Amount Collected	Amount written off/ Reclassified	Current	Non Current	December 31, 2016
Advances to Citynet	₱119,871,902	₱–	₱–	₱–	₱–	₱119,871,902	₱119,871,902
Payables -Trade	(194,000)	(2,328,000)	2,522,000	–	–	–	–
Total	**₱119,677,902**	**₱(2,328,000)**	**₱2,522,000**	**₱–**	**₱–**	**₱119,871,902**	**₱119,871,902**

Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements (cont.)
December 31, 2016

GMA Network, Films, Inc. (GNFI)

			Deductions				
Account	January 1, 2016	Additions	Amount Collected	Amount written off/ Reclassified	Current	Non Current	December 31, 2016
Advances to GNFI	₱44,511,314	₱–	₱–	₱–	₱–	₱44,511,314	44,511,314
Receivables - Trade	225,000	9,443,259	–	–	9,443,259	225,000	9,668,259
Receivables - Nontrade	66,733,030	–	(19,095,510)	–	–	47,637,520	47,637,520
Payables - Nontrade	(5,659,974)	–	5,130,556	–	–	(529,418)	(529,418)
Payables -Trade	–	44,511,314	–	–	44,511,314	–	44,511,314
Total	**₱105,809,370**	**₱53,954,573**	**(₱13,964,954)**	**–**	**₱53,954,573**	**₱91,844,416**	**₱145,798,989**

GMA Marketing and Productions, Inc. (GMPI)

			Deductions				
Account	January 1, 2016	Additions	Amount Collected	Amount written off/ Reclassified	Current	Non Current	December 31, 2016
Receivables - Trade	₱–	₱109,105,321	₱–	₱–	₱109,105,321	₱–	₱109,105,321
Receivables - Nontrade	2,098,025	8,873,866	–	–	8,873,866	2,098,025	10,971,891
Payables - Trade	(188,903,762)	7,712,231	43,135,665	–	7,712,231	(145,768,097)	(138,055,866)
Total	**(₱186,805,737)**	**₱125,691,418**	**₱43,135,665**	**₱–**	**₱125,691,418**	**(₱143,670,072)**	**(₱17,978,654)**

Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements (cont.)
December 31, 2016

GMA New Media, Inc. (GNMI)

Account	January 1, 2016	Additions	Deductions: Amount Collected	Deductions: Amount written off/ Reclassified	Current	Non Current	December 31, 2016
Advances to GNMI	₱35,524,846	₱784,176	₱–	₱–	₱784,176	₱35,524,846	₱36,309,022
Receivables - Trade	–	87,634,497	–	–	87,634,497	–	87,634,497
Receivables - Nontrade	82,322,495	208,638	(4,483)	–	–	82,526,650	82,526,650
Payables - Nontrade	–	(4,072,200)	–	–	(4,072,200)	–	(4,072,200)
Payables - Trade	(65,172,145)	(73,768,768)	58,810,950	–	(14,957,818)	(65,172,145)	(80,129,963)
Total	**₱52,675,196**	**₱10,786,343**	**₱58,806,467**	**₱–**	**₱69,388,655**	**₱52,879,351**	**₱122,268,006**

GMA Worldwide (Philippines), Inc. (GWI)

Account	January 1, 2016	Additions	Deductions: Amount Collected	Deductions: Amount written off/ Reclassified	Current	Non Current	December 31, 2016
Receivables - Trade	₱225,000	₱7,670,847	(₱114,689)	₱–	₱7,670,847	₱110,311	₱7,781,158
Receivables - Nontrade	5,956,986	–	(5,905,431)	–	–	51,555	51,555
Payables - Nontrade	–	(5,905,431)	5,956,987	–	51,556	–	51,556
Payables - Trade	(15,249,448)	(13,515,298)	21,817,283	–	(6,947,463)	–	(6,947,463)
Total	**(₱9,067,462)**	**(₱11,749,882)**	**₱21,754,150**	**₱–**	**₱774,940**	**₱161,866**	**₱936,806**

Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements (cont.)
December 31, 2016

RGMA Marketing & Productions, Inc. (GMA Records)

			Deductions				
Account	January 1, 2015	Additions	Amount Collected	Amount written off/ Reclassified	Current	Non Current	December 31, 2015
Advances to GMA Records	₱20,806,217	₱–	₱–	₱–	₱–	₱20,806,217	₱20,806,217
Receivables - Trade	3,335	4,982,390	–	–	4,982,390	3,335	4,985,725
Receivables - Nontrade	3,724,227	449,394	–	–	449,394	3,724,227	4,173,621
Payables - Nontrade	–	27,023,792	–	–	27,023,792	–	27,023,792
Payables - Trade	(1,177,701)	(2,629,623)	1,277,324	–	(2,530,000)	–	(2,530,000)
Total	**₱23,356,078**	**₱29,825,953**	**₱1,277,324**	**₱–**	**₱29,925,576**	**₱24,533,779**	**₱54,459,355**

Scenarios, Inc. (Scenarios)

			Deductions				
Account	January 1, 2016	Additions	Amount Collected	Amount written off/ Reclassified	Current	Non Current	December 31, 2016
Advances to Scenarios	1,014,090	₱–	₱–	₱–	₱–	₱1,014,090	₱1,014,090
Receivables - Trade	–	–	–	6,006,503	–	6,006,503	6,006,503
Receivables - Nontrade	12,730,743		(690,710)	(6,006,503)	–	6,033,530	6,033,530
Payables - Trade	–	(315,000)	–	–	(315,000)	–	(315,000)
Total	**₱13,744,833**	**(₱315,000)**	**(₱690,710)**	**₱–**	**(₱315,000)**	**₱13,054,123**	**₱12,739,123**

Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements (cont.)
December 31, 2016

Script2010, Inc. (Script2010)

			Deductions				
Account	January 1, 2016	Additions	Amount Collected	Amount written off/ Reclassified	Current	Non Current	December 31, 2016
Receivables	₱–	33,158,615	₱–	₱–	33,158,615	₱–	33,158,615
Receivables - Nontrade	19,691,030	2,742,952	–	–	2,742,952	19,691,030	22,433,982
Payables - Trade	(5,455,361)	(119,942,362)	95,318,415	–	(30,079,308)	–	(30,079,308)
Payables - Nontrade	(1,322,258)	(64,453,516)	40,253,635	–	(25,522,139)	–	(25,522,139)
Total	**₱12,913,411**	**(₱148,494,311)**	**₱135,572,050**	**₱–**	**(₱19,699,880)**	**₱19,691,030**	**(₱8,850)**

Media Merge Corporation (MM)

			Deductions				
Account	January 1, 2016	Additions	Amount Collected	Amount written off/ Reclassified	Current	Non Current	December 31, 2016
Receivables - Nontrade	₱11,936,752	₱–	₱–	₱–	₱–	₱–	₱–
Payables - Trade	(10,734,684)	–	–	–	–	–	–
Total	**₱1,202,068**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**

Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements (cont.)
December 31, 2016

Digify, Inc.

			Deductions				
Account	January 1, 2016	Additions	Amount Collected	Amount written off/ Reclassified	Current	Non Current	December 31, 2016
Receivables - Trade	₱–	₱5,774,520	₱–	₱–	₱5,774,520	₱–	₱5,774,520
Receivables - Nontrade	–	1,416	–	–	1,416	–	1,416
Payables - Nontrade	–	(1,679)	–	–	(1,679)	–	(1,679)
Payables - Trade	(1,362,038)	(6,290,325)	6,264,383	–	(1,387,980)	–	(1,387,980)
Total	**(₱1,362,038)**	**(₱516,068)**	**₱6,264,383**	**₱–**	**₱4,386,277**	**₱–**	**₱4,386,277**

RGMA Network, Inc. (RGMA Network)

			Deductions				
Account	January 1, 2016	Additions	Amount Collected	Amount written off/ Reclassified	Current	Non Current	December 31, 2016
Receivables - Trade	₱–	₱356,425,637	(₱303,262,089)	₱–	₱53,163,548	₱–	₱53,163,548
Payables - Trade	–	(12,762)	–	–	(12,762)	–	(12,762)
Payables - Nontrade	(10,047,791)	(303,257,723)	275,215,372	–	(38,090,142)	–	(38,090,142)
Total	**(₱10,047,791)**	**₱53,155,152**	**(₱28,046,717)**	**₱–**	**₱15,060,643**	**₱–**	**₱15,060,643**

Schedule D. Intangible Asset - Other Asset
December 31, 2016

Description	Beginning balance	Additions at cost	Charge to cost and expenses	Charged to other accounts	Ending balance
Program and film rights	₱1,186,426,396	₱692,777,422	(₱825,758,121)	₱–	₱1,053,445,697
Story format rights	6,180,832	11,423,824	(10,418,844)	–	7,185,812
Software cost	17,406,636	71,478,889	(17,173,566)	–	71,711,958
	₱1,210,013,864	**₱775,680,135**	**(₱853,350,531)**	**₱–**	**₱1,132,343,467**

Schedule E. Long-Term Debt
December 31, 2016

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under caption "Current portion of long term debt" in related balance sheet	Amount shown under caption "Long term debt" in related balance sheet

Not Applicable: The Company has no long-term debt as at December 31, 2016.

Schedule F. Indebtedness to Related Parties (Long-Terms from Related Companies)
December 31, 2016

Name	Balance, January 1, 2016	Balance, December 31, 2016

Not Applicable: The Company has no indebtedness to a related party as at December 31, 2016.

Schedule G. Guarantees of Securities of Other Issuers
December 31, 2016

Name of Issuing Entity of Securities Guaranteed by the Company for which this statement is filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which the Statement is Filed	Nature of Guarantee

Not Applicable: The Company has no guarantees of securities of other issuers as at December 31, 2016.

Schedule H. Capital Stock
December 31, 2016

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related statements of financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers, and employees	Others
Common	5,000,000,000	3,361,047,000*	NA	3,099,775,448	6,365,198	254,906,354
Preferred	7,500,000,000	7,499,507,184**	NA	7,428,344,388	26,916	71,135,880

**Net of treasury stock totaling 3,645,000 shares.*
***Net of treasury stock totaling 492,816 shares.*

GMA NETWORK, INC.

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION FOR THE YEAR ENDED DECEMBER 31, 2016

Unappropriated retained earnings, beginning	₱1,980,793,095
Adjustments:	
Deferred tax assets - net, beginning	(36,424,324)
Unappropriated retained earnings, as adjusted, beginning	1,944,368,771
Add: Net income actually earned/realized during the period	
Net income of the Parent Company closed to Retained Earnings	3,621,651,604
Less: Non-actual/unrealized loss (income)	
Provision for deferred income tax	48,221,227
Unrealized foreign exchange gain (other than cash and cash equivalents)	(10,916,706)
Net income actually earned/realized during the year	3,658,956,125
Less:	
Dividends declaration during the year	(1,944,274,375)
Treasury stocks	(28,483,171)
Underlying shares of the acquired Philippine Deposit Receipts	(5,790,016)
Unappropriated Retained Earnings Available for Dividend Declaration, Ending	**₱3,624,777,334**

GMA NETWORK, INC. AND SUBSIDIARIES

LIST OF PHILIPPINE FINANCIAL REPORTING STANDARDS EFFECTIVE AS AT DECEMBER 31, 2016

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2016		**Adopted**	**Not Adopted**	**Not Applicable**
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		X		
PFRSs Practice Statement Management Commentary				X
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			X
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			X
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			X
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			X
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			X
	Amendments to PFRS 1: Government Loans			X
	Amendments to PFRS 1: First-time Adoption of Philippine Financial Reporting Standards - Meaning of Effective PFRSs			X
PFRS 2	Share-based Payment			X
	Amendments to PFRS 2: Vesting Conditions and Cancellations			X
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			X
	Amendments to PFRS 2: Definition of Vesting Condition			X
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions*	Not Early Adopted		
PFRS 3 (Revised)	Business Combinations	X		
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination	X		
	Amendment to PFRS 3: Scope Exceptions for Joint Arrangements	X		
PFRS 4	Insurance Contracts			X
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			X
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments, with PFRS 4*	Not Early Adopted		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2016		Adopted	Not Adopted	Not Applicable
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			X
	Amendments to PFRS 5: Changes in Method of Disposal			X
PFRS 6	Exploration for and Evaluation of Mineral Resources			X
PFRS 7	Financial Instruments: Disclosures	X		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	X		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	X		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	X		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	X		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	X		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			X
	Amendments to PFRS 7: Servicing Contracts			X
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			X
PFRS 8	Operating Segments	X		
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to Condensed Interim Financial Statements	X		
PFRS 9	Financial Instruments*	Not Early Adopted		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*	Not Early Adopted		
	Financial Instruments - New hedge accounting requirements*	Not Early Adopted		
PFRS 10	Consolidated Financial Statements	X		
	Amendments to PFRS 10: Investment Entities			X
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception			X
PFRS 11	Joint Arrangements	X		
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			X

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2016		Adopted	Not Adopted	Not Applicable
PFRS 12	Disclosure of Interests in Other Entities	X		
	Amendment to PFRS 12: Investment Entities			X
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception			X
	Amendment to PFRS 12: Clarification of the Scope of the Standard*	Not Early Adopted		
PFRS 13	Fair Value Measurement	X		
	Amendment to PFRS 13: Short-term Receivables and Payables	X		
	Amendment to PFRS 13: Fair Value Measurement - Portfolio Exception			X
PFRS 14	Regulatory Deferral Accounts			X
PFRS 15	Revenue from Contracts with Customers*	Not Early Adopted		
PFRS 16	Leases*	Not Early Adopted		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	X		
	Amendment to PAS 1: Capital Disclosures	X		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			X
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	X		
	Amendments to PAS 1: Clarification of the Requirements for Comparative Information	X		
	Amendments to PAS 1: Disclosure Initiative	X		
PAS 2	Inventories	X		
PAS 7	Statement of Cash Flows	X		
	Amendments to PAS 7: Statement of Cash Flows, Disclosure Initiative*	Not Early Adopted		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	X		
PAS 10	Events after the Reporting Period	X		
PAS 11	Construction Contracts			X
PAS 12	Income Taxes	X		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	X		
	Amendments to PAS 12 - Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*	Not Early Adopted		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2016		Adopted	Not Adopted	Not Applicable
PAS 16	Property, Plant and Equipment	X		
	Amendment to PAS 16: Classification of Servicing and Equipment	X		
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation			X
	Amendment to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization			X
	Amendment to PAS 16: Bearer Plants			X
PAS 17	Leases	X		
PAS 18	Revenue	X		
PAS 19 (Revised)	Employee Benefits	X		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			X
	Amendments to PAS 19: Employee Benefits - Defined Benefit Plans: Employee Contributions			X
	Amendments to PAS 19: Regional Market Issue Regarding Discount Rate	X		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			X
PAS 21	The Effects of Changes in Foreign Exchange Rates	X		
	Amendment: Net Investment in a Foreign Operation			X
PAS 23 (Revised)	Borrowing Costs			X
PAS 24 (Revised)	Related Party Disclosures	X		
	Amendments to PAS 24: Key Management Personnel	X		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			X
PAS 27 (Amended)	Separate Financial Statements			X
	Amendments to PAS 27: Investment Entities			X
	Amendments to PAS 27: Equity Method in Separate Financial Statements			X
PAS 28 (Amended)	Investments in Associates and Joint Ventures	X		
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception			X
	Amendments to PAS 28: Measuring an Associate or Joint Venture at Fair Value*	Not Early Adopted		
PAS 29	Financial Reporting in Hyperinflationary Economies			X

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2016		Adopted	Not Adopted	Not Applicable
PAS 32	Financial Instruments: Disclosure and Presentation	X		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			X
	Amendment to PAS 32: Classification of Rights Issues			X
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			X
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments			X
PAS 33	Earnings per Share	X		
PAS 34	Interim Financial Reporting	X		
	Amendments to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities	X		
	Amendments to PAS 34: Disclosure of Information Elsewhere in the Interim Financial Report	X		
PAS 36	Impairment of Assets	X		
	Amendments to PAS 36: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	X		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	X		
PAS 38	Intangible Assets	X		
	Amendments to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization			X
	Amendments to PAS 38: Clarification of Acceptable Methods of Amortization			X
PAS 39	Financial Instruments: Recognition and Measurement	X		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	X		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			X
	Amendments to PAS 39: The Fair Value Option			X
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			X
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			X
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			X
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives			X
	Amendment to PAS 39: Eligible Hedged Items			X
	Amendments to PAS 39: Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting			X

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2016		Adopted	Not Adopted	Not Applicable
PAS 40	Investment Property	X		
	Amendments to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner Occupied Property	X		
	Amendments to PAS 40: Investment Property, Transfers of Investment Property*	Not Early Adopted		
PAS 41	Agriculture			X
	Amendments to PAS 41: Bearer Plants			X
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			X
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			X
IFRIC 4	Determining Whether an Arrangement Contains a Lease	X		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			X
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			X
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			X
IFRIC 8	Scope of PFRS 2			X
IFRIC 9	Reassessment of Embedded Derivatives			X
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives			X
IFRIC 10	Interim Financial Reporting and Impairment	X		
IFRIC 11	PFRS 2 - Group and Treasury Share Transactions	X		
IFRIC 12	Service Concession Arrangements			X
IFRIC 13	Customer Loyalty Programmes			X
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			X
	Amendments to Philippine Interpretations IFRIC 14, Prepayments of a Minimum Funding Requirement			X
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			X
IFRIC 17	Distributions of Non-cash Assets to Owners			X
IFRIC 18	Transfers of Assets from Customers			X
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			X
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			X
IFRIC 21	Levies	X		
IFRIC 22	Foreign Currency Transactions and Advance Consideration*	Not Early Adopted		
SIC-7	Introduction of the Euro			X

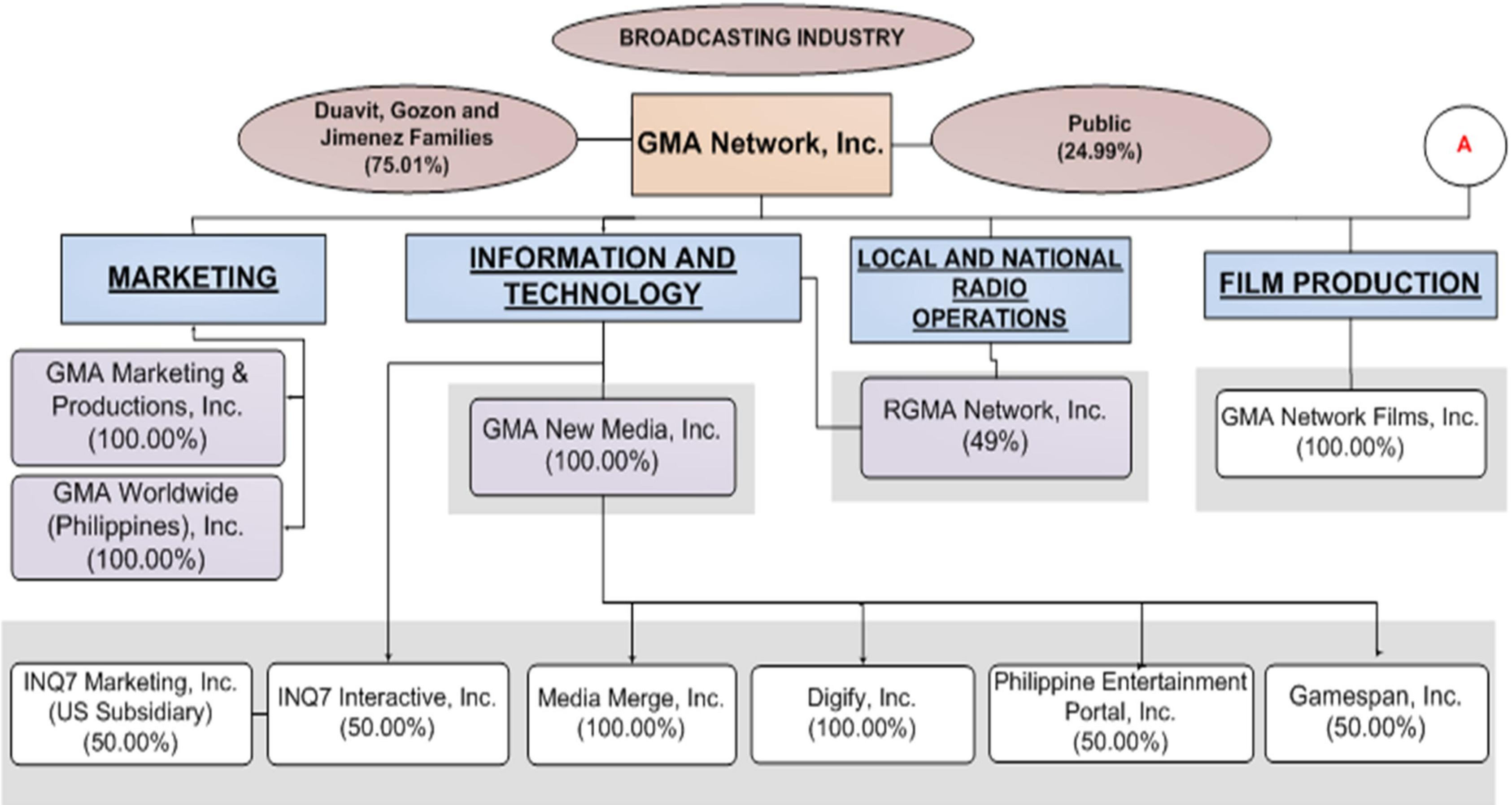
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2016		**Adopted**	**Not Adopted**	**Not Applicable**
SIC-10	Government Assistance - No Specific Relation to Operating Activities			X
SIC-12	Consolidation - Special Purpose Entities			X
	Amendment to SIC-12: Scope of SIC-12			X
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			X
SIC-15	Operating Leases - Incentives			X
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			X
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	X		
SIC-29	Service Concession Arrangements: Disclosures			X
SIC-31	Revenue - Barter Transactions Involving Advertising Services			X
SIC-32	Intangible Assets - Web Site Costs			X
With Deferred Effective Date: Amendments to PFRS 10 and PAS 28, Sale or Contribution of Assets between and Investor and its Associate or Joint Venture*		Not Early Adopted		

**Standards and interpretations which will become effective subsequent to December 31, 2016.*

Note: Standards and interpretations tagged as "Not Applicable" are those standards and interpretations which were adopted but the entity has no significant covered transaction as at and for the year ended December 31, 2016.

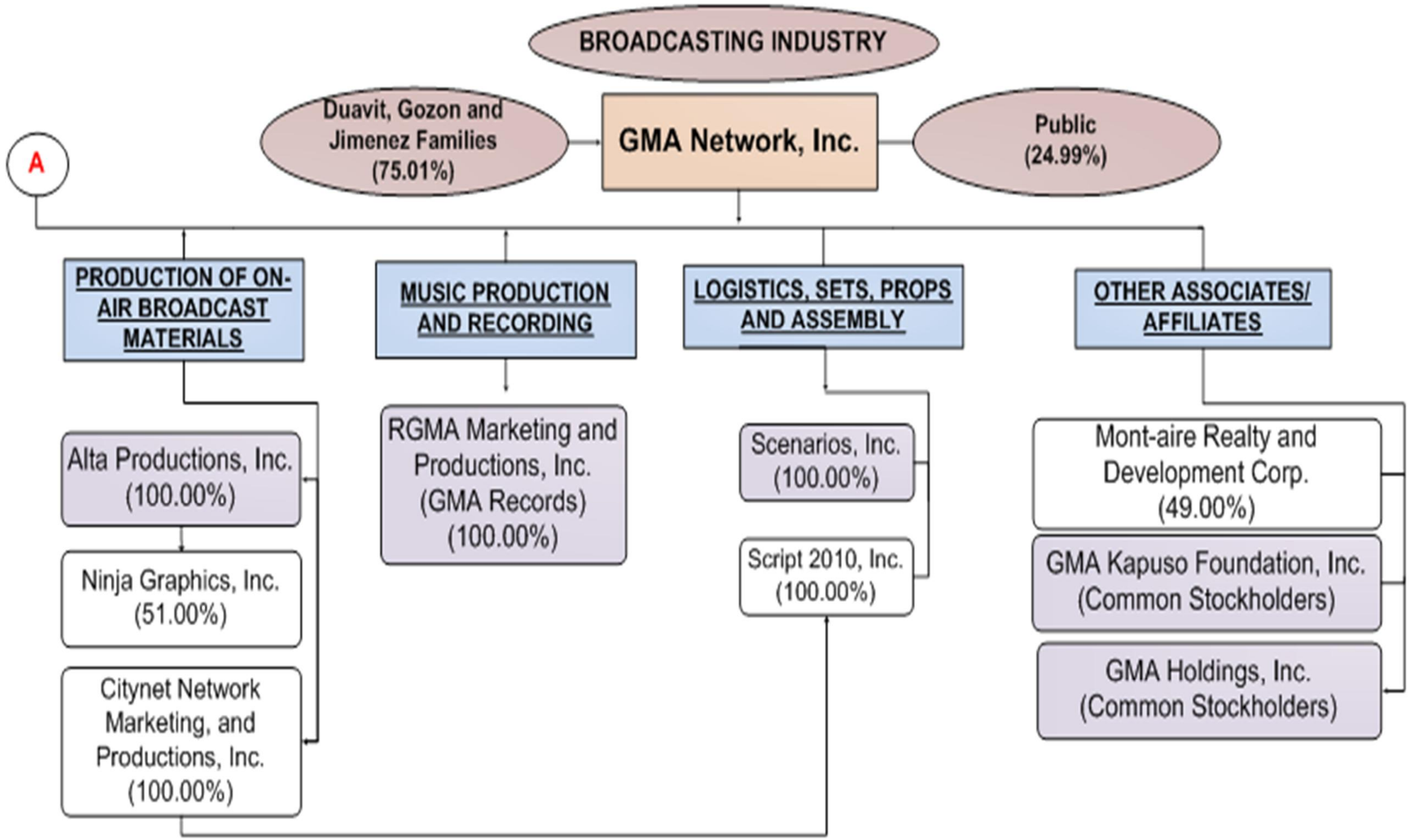
GMA NETWORK, INC. AND SUBSIDIARIES

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP



GMA NETWORK, INC. AND SUBSIDIARIES

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP (cont.)



GMA NETWORK, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL RATIOS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 and 2014

Financial Ratios	Description	December 31 2016	December 31 2015
Current/liquidity ratio	Current assets over current liabilities	2.88:1	2.24:1
Asset to equity ratio	Total asset over total equity	1.54:1	1.59:1
Debt-to-equity ratio	Short-term loans over total equity	0.06:1	0.13:1
Net debt to equity ratio	Interest-bearing loans and borrowings less cash and cash equivalents over total equity	(0.27):1	(0.11):1

Financial Ratios	Description	Years Ended December 31 2016	2015	2014
Interest rate coverage ratio	Earnings before interest, tax over interest expense	307.66:1	75.57:1	43.15:1
Gross profit margin	Gross profit over net revenues	60.75%	57.44%	53.67%
Net income margin	Net income over net revenues	21.87%	15.49%	8.42%