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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

GMA Holdings Inc. ended the first nine months of 2021 with a net income after tax of ₱6.97 million, a sharp increase from last year's net income after tax of ₱972 thousand as a result of higher revenues.

Revenues for the first three quarters of 2021 surged to ₱9.70 million from last year's ₱1.95 million. Exercise fees accelerated to ₱8.40 million which were generated from the conversion of 188,154,850 PDRs compared to ₱1.07 million from 24,043,900 PDRs converted in 2020. Interest income increased to ₱1.30 million from last year's ₱872 thousand mainly due to interest income on cash placements.

For the nine months ended September 30, 2021, operating expenses amounted to ₱742 thousand vis-a-vis ₱728 thousand in 2020 mainly due to higher listing fees, PDR conversion fees, transportation expense and per diem.

Year-to-date listing fees of ₱308 thousand went up by 3% from last year's ₱298 thousand. The ₱103 thousand unexpired portion of listing fee was included under "Prepaid expenses and other current assets" in the statements of financial position. PDR conversion fees from January to September 2021 increased to ₱5,897 versus last year's ₱4,659, due to higher number of PDRs converted to common shares this year versus last year. Year-to-date transportation expenses amounting to ₱3,867 were incurred, primarily for the delivery service of PDR dividend checks to PDR holders and collections. Per diem paid for the period amounted to ₱170 thousand.

Financial Condition

Total assets as of September 30, 2021 amounted to ₱55.69 million, a 11% increase versus end of 2020 figures of ₱50.37 million. Accounts receivable increased by ₱558 thousand due to higher exercise fees from conversions of PDR shares. Prepaid expenses and other current assets increased by ₱88 thousand mainly due to the unamortized portion of listing fee.

KEY PERFORMANCE INDICATORS

The Company's key performance indicators are focused on the dividends it receives to meet PDR holders' expectations and monitor cash and cash equivalents levels to meet its obligations with respect to the Company's current and preceding year's operation.

KEY VARIABLE AND OTHER QUALITATIVE OR QUANTITATIVE FACTORS

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

As of September 30, 2021, there were no known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

- b) 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 September 30, 2021, there were no events which may trigger a direct or contingent financial obligation that is material to the Company.

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

There were no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created as of September 30, 2021.

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

For the period January 1, 2021 to September 30, 2021, there were no commitments for capital expenditures.

- e) 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.

The Company's results of operations depend largely on its ability to meet PDR holders' expectations from the dividends it receives and to monitor cash and cash equivalents levels to meet its obligations with respect to the Company's current and preceding year's operation. As of September 30, 2021, there were no known trends, events or uncertainties that were reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

- f) Any significant elements of income or loss that did arise from the issuer's continuing operations.

As of September 30, 2021, there were no significant elements of income or loss that did arise from the issuer's continuing operations.

- g) Causes for material changes in the Financial Statements.

Statements of Financial Position [September 30, 2021 (Unaudited) vs. December 31, 2020 (Audited)]

- Current assets increased by ₱5.32 million to ₱55.69 million, mainly as a result of increase in cash and cash equivalents.
- Current liabilities increased by ₱0.45 million to ₱48.60 million due to increase in income tax payable.

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

As of September 30, 2021, there were no seasonal aspects that had a material effect on the financial condition or results of operations.

GMA HOLDINGS, INC.**STATEMENTS OF FINANCIAL POSITION**

	September 30, 2021 Unaudited	December 31, 2020 Audited
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 14 and 15)	₱53,759,724	₱49,088,997
Accounts receivable (Notes 14 and 15)	1,817,270	1,258,984
Prepaid expenses and other current assets	110,624	22,829
Total Current Assets	55,687,618	50,370,810
Noncurrent Asset		
Debt instrument at fair value through other comprehensive income (Notes 8, 14 and 15)	-	-
	₱55,687,618	₱50,370,810
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 9, 14 and 15)	₱889,906	₱882,688
Due to shareholders (Notes 13, 14 and 15)	47,271,600	47,271,600
Income tax payable	442,823	-
Total Current Liabilities	48,604,329	48,154,288
Noncurrent Liability		
Deferred tax liability	-	-
Total Liabilities	48,604,329	48,154,288
Equity		
Capital stock (Note 10)	100,000	100,000
Retained earnings (Note 10)	6,983,289	2,116,522
Unrealized gain on debt instrument at fair value through other comprehensive income (Note 8)	-	-
Total Equity	7,083,289	2,216,522
	₱55,687,618	₱50,370,810

See accompanying Notes to Financial Statements.

GMA HOLDINGS, INC.**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**

	3rd Quarter Ended September 30			Nine Months Ended September 30		
	2021	2020	2019	2021	2020	2019
REVENUE						
Interest income (Notes 7 and 8)	432,560	217,484	600,309	1,302,342	872,099	1,819,182
Exercise fees (Note 6)	860,344	716,339	15,487	8,399,770	1,073,388	199,585
	1,292,904	933,823	615,796	9,702,112	1,945,487	2,018,767
OPERATING EXPENSES (Note 11)	190,930	259,532	262,209	742,293	728,414	720,112
INCOME BEFORE INCOME TAX	1,101,974	674,291	353,587	8,959,819	1,217,073	1,298,654
PROVISION FOR INCOME TAX (Note 12)	192,416	131,708	104,473	1,993,052	245,033	320,980
NET INCOME	909,559	542,583	249,114	6,966,766	972,041	977,674
OTHER COMPREHENSIVE INCOME (LOSS) <i>Item to be reclassified to profit or loss in subsequent periods:</i>						
Unrealized gain (loss) on debt instrument at fair value through other comprehensive income (Note 8)	-	-	287,444	-	(167,267)	1,104,653
TOTAL COMPREHENSIVE INCOME	909,559	542,583	536,558	6,966,766	804,774	2,082,328
Basic/Diluted Earnings Per Share (Note 16)	90.96	54.26	24.91	696.68	97.20	97.77

See accompanying Notes to Financial Statements.

GMA HOLDINGS, INC.

**UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021, 2020 AND 2019**

	Capital Stock (Note 10)	Retained Earnings (Note 10)	Unrealized Gain (loss) on debt instrument at fair value through Other Comprehensive Income (Note 8)	Total
Balances as at January 1, 2021	100,000	2,116,522	-	2,216,522
Net income		6,966,766		6,966,766
Other comprehensive income (loss)			-	-
Total comprehensive income (loss)	-	6,966,766	-	6,966,766
Cash dividends (Note 10)		(2,100,000)		(2,100,000)
Balances as at September 30, 2021	100,000	6,983,289	-	7,083,289
Balances as at January 1, 2020	100,000	1,382,596	167,267	1,649,862
Net income		972,041		972,041
Other comprehensive income (loss)			(167,267)	(167,267)
Total comprehensive income (loss)	-	972,041	(167,267)	804,774
Cash dividends (Note 10)		(1,300,000)		(1,300,000)
Balances as at September 30, 2020	100,000	1,054,637	-	1,154,637
Balances as at January 1, 2019	100,000	2,305,848	(1,278,262)	1,127,585
Net income		977,674		977,674
Other comprehensive income (loss)			1,104,653	1,104,653
Total comprehensive income (loss)	-	977,674	1,104,653	2,082,328
Cash dividends (Note 10)		(2,210,000)		(2,210,000)
Balances as at September 30, 2019	100,000	1,073,522	(173,609)	999,913

See accompanying Notes to Financial Statements.

GMA HOLDINGS, INC.**UNAUDITED STATEMENTS OF CASH FLOWS**

	3rd Quarter Ended September 30			Nine Months Ended September 30		
	2021	2020	2019	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	1,101,974	674,294	353,587	8,959,819	1,217,073	1,298,654
Adjustment for interest income (Notes 7 and 8)	(432,560)	(217,484)	(600,309)	(1,302,342)	(872,099)	(1,819,182)
Operating income (loss) before working capital changes	669,414	456,809	(246,722)	7,657,477	344,975	(520,528)
Decrease (Increase) in:						
Accounts receivable	7,241,512	(429,115)	(17,345)	(541,441)	(743,435)	(25,845)
Other current assets	108,153	106,823	103,566	(87,794)	(178,133)	(167,364)
Increase (Decrease) in accounts payable and other current liabilities	(759,306)	113,404	24,865	7,218	111,293	127,637
Cash flows provided by (used in) operations	7,259,773	247,921	(135,636)	7,035,460	(465,300)	(586,100)
Interest received	407,900	225,547	707,455	1,285,496	1,081,333	1,940,173
Income taxes paid	(1,496,608)	(36,749)	(105,808)	(1,550,229)	(147,799)	(322,404)
Net cash provided by (used in) operating activities	6,171,065	436,720	466,012	6,770,726	468,234	1,031,669
CASH FLOW FROM INVESTING ACTIVITY						
Redemption of debt instrument at fair value through other comprehensive income	-	-	-	-	21,000,000	-
CASH FLOW FROM A FINANCING ACTIVITY						
Payment of cash dividends (Note 10 and 17)	-	-	-	(2,100,000)	(1,300,000)	(2,210,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,171,065	436,720	466,012	4,670,726	20,168,234	(1,178,331)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	47,588,659	47,794,996	27,183,653	49,088,997	28,063,482	28,827,995
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 7)	53,759,724	48,231,716	27,649,665	53,759,724	48,231,716	27,649,665

See accompanying Notes to Financial Statements.

GMA HOLDINGS, INC.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

GMA Holdings, Inc. (the Company) is incorporated in the Philippines to invest in, purchase or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose real and personal property of every kind and description. The registered office address of the Company is 5D Tower One, One McKinley Place, New Global Bonifacio City, Fort Bonifacio, Taguig City. The Company was registered with the Securities and Exchange Commission (SEC) on February 15, 2006.

The accounting and administrative functions of the Company are undertaken by GMA Network, Inc. (GMA), a company under common control.

In 2007, the Company issued Philippine Deposit Receipts (PDRs), which were listed and traded in The Philippine Stock Exchange, Inc. (PSE) (see Note 6).

The Company will not engage in any business or purpose other than in connection with the issuance of the PDRs, the performance of the obligations under the PDRs and the acquisition and holding of the underlying shares of GMA in respect of the PDRs issued. This includes maintaining the Company's listing with the PSE and maintaining its status as a Philippine person for as long as the Philippine law prohibits ownership of GMA's shares by non-Philippine person.

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

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The financial statements of the Company have been prepared on a historical cost basis, except for debt instrument at fair value through other comprehensive income (FVOCI) which are measured at fair value. The financial statements are presented in Philippine peso, which is the Company's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance

The Company's financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

3. Summary of Significant Changes in Accounting Policies and Disclosures

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the following new pronouncements which the Company adopted starting January 1, 2020. Unless otherwise indicated, the adoption of these pronouncements did not have significant impact on the Company's financial statements.

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*

The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all the inputs and processes needed to create outputs.

These amendments had no impact on the financial statements of the Company but may impact future periods should the Company enter into any business combinations.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

These amendments had no impact on the financial statements of the Company.

- Amendments to Philippine Accounting Standards (PAS) 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments had no significant impact on the financial statements of the Company.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

The Conceptual Framework had no significant impact on the financial statements of the Company.

- Amendments to PFRS 16, *Leases: COVID-19-Related Rent Concessions*

The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before September 30, 2021; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendment applies to annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted.

The Company adopted the amendments beginning January 1, 2020. These amendments had no impact on the financial statements of the Company.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when these become effective.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Company shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Company is not required to restate prior periods.

The Company is currently assessing the impact of adopting these amendments.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, Reference to the Conceptual Framework

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine Interpretation of International Financial Reporting Interpretations Committee (IFRIC) 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

The Company is currently assessing the impact of adopting these amendments.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

These amendments are not expected to have a significant impact to the Company.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

These amendments are not expected to have any impact to the Company.

- *Annual Improvements to PFRSs 2018-2020 Cycle*
 - *Amendments to PFRS 1, First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a First-time Adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

These amendments are not expected to have any impact to the Company.

- *Amendments to PFRS 9, Financial Instruments, Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

These amendments are not expected to have a significant impact to the Company.

- *Amendments to PAS 41, Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

The amendments are not expected to have any impact to the Company.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent*

The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or noncurrent. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively.

The Company is currently assessing the impact of adopting these amendments.

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required.

The standard is not applicable to the Company since it is not engaged in providing insurance nor issuing insurance contracts.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, 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 deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes 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.

Adoption of these amendments are not expected to have any impact to the Company.

4. **Summary of Significant Accounting Policies**

Current versus Noncurrent Classification

The Company presents assets and liabilities in statement of financial position based on current/noncurrent classification.

An asset as 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 and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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 Company classifies all other assets and liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent.

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 dates of placement and are subject to an insignificant risk of change in value.

Fair Value Measurement

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

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

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

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

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

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

Assets and liabilities for which fair value is measured or disclosed in the Company's 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 financial statements on a recurring basis, the Company 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 date.

The Company determines the policies and procedures for both recurring and non-recurring fair value measurements. At each reporting date, the management analyzes the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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

Details as to how the fair value of assets and liabilities are measured are provided in Note 15.

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 dates of placement and are subject to an insignificant risk of change in value.

Financial Instruments

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 subsequently measured at amortized cost, FVOCI and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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 Company commits to purchase or sell the asset.

The Company has no financial assets at FVTPL as at September 30, 2021.

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The Company's financial assets are under the financial assets at amortized cost and financial assets at FVOCI with recycling of cumulative gains and losses classification.

- *Financial Assets at Amortized Cost (Debt Instruments).* This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:
 - The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
 - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

As at September 30, 2021 and December 31, 2020, the Company's cash and cash equivalents and accounts receivable are classified under this category.

- *Financial Assets at FVOCI (Debt Instruments).* The Company measures debt instruments at FVOCI if both the following conditions are met:
 - The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
 - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in statement of comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

As at September 30, 2021 and December 31, 2020, the Company has no financial assets at FVOCI.

Derecognition of Financial Assets. 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 statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company 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 Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company 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 Company 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 Company could be required to repay.

Impairment of Financial Assets. The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents, and debt instrument at FVOCI, the Company applies the low credit risk simplification. The Company evaluates whether the debt instrument is considered to have low credit risk based on the external credit rating of the debt instrument. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the loss allowance will be based on the lifetime ECL.

For trade-related accounts receivable, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For other receivables, the Company applies the general approach and calculates ECL based on the 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instruments since initial recognition.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, 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.

As at September 30, 2021 and December 31, 2020, the Company's accounts payable and other current liabilities (excluding deferred output VAT and withholding tax payable) and due to shareholders are included under this category.

Subsequent Measurement. The subsequent measurement of financial liabilities depends on their classification as described below.

Payables. After initial recognition, payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss 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. The EIR amortization is included as interest expense in the statement of comprehensive income.

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 statement of profit or loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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, or to realize the assets and settle the liabilities simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Other Current Assets

Other current assets are recorded at cost. Other current assets include prepaid taxes and input value-added taxes (VAT). Prepaid taxes represent taxes that are deductible from the Company's income tax payable.

Equity

Capital Stock. 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.

Retained Earnings. Retained earnings represent the Company's accumulated earnings, net of dividends declared.

Dividends. The Company recognizes a liability to make cash distribution to its equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in the Philippines, a distribution is authorized when it is approved by the BOD. A corresponding amount is recognized directly in the equity. Dividends for the year that are approved after the financial reporting date are dealt with as an event after the reporting date.

Revenue Recognition

Revenue from contracts with customers is recognized when control to the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Revenue is recognized when the Company satisfies a performance obligation by transferring a promised service to the customer, which is when the customer obtains control of the service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

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

Exercise Fees. Revenue is recognized at a point in time upon conversion of PDRs to common shares.

Interest Income

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

Expenses

Expenses presented as “Operating expenses” account in the statement of comprehensive income are recognized as incurred.

Taxes

Current Tax. Current 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 as at reporting date.

Current 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 Tax. Deferred tax is provided using the liability method on all temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred 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 net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences, and the carryforward benefits of excess MCIT over RCIT and NOLCO can be utilized except:

- When the deferred 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 income nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates and interest in joint arrangements, 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 income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date 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 income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date 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 tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred income tax liability arises from the initial recognition of goodwill or 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 or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when 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 tax assets and liabilities are measured at the tax rates applicable to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been to be enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to offset 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 OCI is recognized in OCI section of the statements of comprehensive income.

Value-added Tax (VAT). Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from, or payable to, the taxation authority is presented as part of “Other current assets” or part of “Accounts payable and other current liabilities” accounts in the statement of financial position, respectively.

Deferred Output VAT. Deferred output VAT represents the output VAT from sale of services that are not yet collected. Deferred output VAT is recognized as part of “Accounts payables and other current liabilities” account in the statement of financial position.

Earnings per Share (EPS)

Basic EPS amounts are calculated by dividing net income for the year by the weighted average number of ordinary shares outstanding during the year. The Company has no dilutive potential common shares outstanding, therefore, basic EPS is the same as diluted EPS.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of assets embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain.

Contingencies

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

Events after the Reporting Date

Post year-end events that provide additional information about the Company’s position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

5. Summary of Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in compliance with PFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be determinable under the circumstances.

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Company based its assumptions and estimates on parameters available when the 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 Company. Such changes are reflected in the assumptions when these occur.

Determining Fair Value of Debt Instrument at FVOCI. The Company has no intention of selling its debt instrument at FVOCI in the near term. It is being held indefinitely and may be sold in response to liquidity requirements or changes in market condition.

Since the debt instrument at FVOCI is not traded in an active market, the fair value is determined using appropriate valuation technique, which is the discounted cash flow methodology. The inputs to the model are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair value.

The determination of the fair value of the debt instrument at FVOCI is discussed in Note 15.

Estimating Realizability of Deferred Income Tax Assets. The Company's assessment on the recognition of deferred income tax assets on carryforward benefits of NOLCO and excess MCIT is based upon the likely timing and level of forecasted taxable income in the subsequent periods. This forecast is based on the Company's future expectations on revenue and expenses.

The Company did not recognize deferred income tax assets amounting to ₱0.04 million as at December 31, 2020, as management believes that sufficient taxable profit will not be available against which the deductible temporary differences can be utilized (see Note 12).

6. Philippine Deposit Receipts

On July 30, 2007 and August 21, 2007, the Company issued 822,115,000 and 123,317,000 PDRs relating to GMA shares, respectively. Total number of issued PDRs is 945,432,000 for a consideration of ₱8.50 per share or ₱8,036,172,000.

Each PDR grants the holders, upon payment of the exercise price and subject to certain other conditions, the delivery of one GMA share or the sale of and delivery of the proceeds of such sale of one GMA share. The Company remains to be the registered owner of the GMA shares covered by the PDRs. The Company also retains the voting rights over the GMA shares.

The GMA shares are still subject to ownership restrictions on shares of corporations engaged in mass media and GMA may reject the transfer of shares to persons other than Philippine nationals. The PDRs were listed

in the PSE on July 30, 2007, and the same may be exercised at any time from said date. Any cash dividends or other cash distributions in respect of GMA shares received by the Company shall be applied toward the operating expenses of the Company for the current and preceding years. A further amount equal to the operating expenses in the preceding year shall be set aside to meet operating or other expenses for the succeeding years. Any amount in excess of the aggregate of the operating expenses paid and the operating fund for such period shall be distributed to PDR holders pro-rata on the first business day after such cash dividends are received by the Company.

Upon exercise of the PDRs, an exercise price of ₱0.05 (VAT inclusive) per share shall be paid by the PDR holders. The exercise price is shown as “Exercise fees” account in the statement of comprehensive income. Exercise fees amounted to ₱8.40 million, ₱1.07 million and ₱0.20 million for the nine-month period ended September 30, 2021, 2020 and 2019, respectively.

Immediately prior to the closing of the PDR offering and additional issuances described above, GMA, to which the Company is affiliated, transferred 945,432,000 GMA shares to the Company in relation to which the PDRs were issued. For as long as the PDRs are not exercised, the shares underlying the PDRs will continue to be registered in the name of, and owned by the Company, and all rights pertaining to these shares, including voting rights, shall be exercised by the Company. The obligations of the Company to deliver the GMA shares on exercise of the right contained in the PDRs are secured by the Pledge of Shares in favor of the Pledge Trustee acting on behalf of each holder of a PDR over the GMA shares.

At any time after the PDR offering, a GMA shareholder may, at his option and from time to time, deliver shares to the Company in exchange for an equal number of PDRs. The exchange is based on prevailing traded value of GMA shares at the time of transaction with the corresponding PDR option price.

As discussed above, the Company retains the rights to receive the cash flows from its investment in GMA and assumes a contractual obligation to pay those cash flows to the PDR holders, net of operating expenses (a “pass-through” arrangement). The “pass-through” test is met because the Company (a) has no obligation to the PDR holders unless it collects equivalent amounts from its investment in GMA, (b) is contractually prohibited from selling or pledging its investment in GMA other than as security to the PDR holders for the obligation to pay the cash flows, and (c) has an obligation to remit any cash flows from the investment in GMA to the PDR holders without material delay.

Under the “pass-through” test, the Company is deemed to have transferred substantially the risks and rewards of its investment in GMA. Accordingly, the investment in GMA and the liabilities related to the issuance of the PDRs are not recognized by the Company.

The following are the details and movements of the PDRs and the underlying GMA shares for the nine months ended September 30:

	PDRs		Number of Shares	
	2021	2020	2021	2020
Balance at beginning of period	₱5,800,916,800	₱6,185,153,350	682,460,800	727,665,100
Exercise of PDRs	(1,599,316,225)	(204,373,150)	(188,154,850)	(24,043,900)
Balance at end of period	₱4,201,600,575	₱5,980,780,200	494,305,950	703,621,200

On March 26, 2021, the Company’s BOD approved a cash distribution to PDR holders of ₱1.35 per share totaling ₱909.89 million, in relation to dividends declared by GMA to all shareholders of record as at April 22, 2021. These were remitted to the PDR holders on May 19, 2021.

On June 9, 2020 (as ratified on June 15, 2020), the Company's BOD approved a cash distribution to PDR holders of ₱0.30 per share totaling ₱216.6 million, in relation to dividends declared by GMA to all shareholders of record as at June 24, 2020. These were remitted to the PDR holders on July 16, 2020.

On March 29, 2019, the Company's BOD approved a cash distribution to PDR holders of ₱0.45 per share totaling ₱329.2 million, in relation to dividends declared by GMA to all shareholders of record as at April 22, 2019. These were remitted to the PDR holders on May 15, 2019.

The BOD approved a resolution to pass on the entire amount of the cash dividends received from GMA without deducting the Company's 2020 and 2019 projected operating expenses on June 9, 2020 and March 29, 2019, respectively. Such expenses shall be covered by the interest income from the Company's cash and cash equivalents and debt instrument at FVOCI.

7. Cash and Cash Equivalents

	September 30, 2021	December 31, 2020
	Unaudited	Audited
Cash on hand and in bank	₱6,874,494	₱907,104
Short-term deposits	46,885,230	48,181,893
	₱53,759,724	₱49,088,997

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

Interest income earned from cash in bank and short-term deposits amounted to ₱1.30 million, ₱0.87 million and ₱1.82 million for the nine-month period ended September 30, 2021, 2020 and 2019, respectively.

8. Debt Instrument at Fair Value Through Other Comprehensive Income

In 2014, the Company purchased at par a ten-year Union Bank of the Philippines (UBP) Tier Note with a face value of ₱21.00 million bearing a fixed interest rate of 5.38% from the 1st to the 21st interest payment dates and an interest rate based on the five-year (5Y) PDST-R2 plus 196 basis point (bps) from the 22nd interest payment date to the last interest payment date. The interest is payable quarterly. The maturity date of this note is on February 20, 2025. However, on February 20, 2020, the issuer, UBP, redeemed the note at face amount plus the interest earned and accrued on the note.

The movements in this account are as follows:

	September 30, 2021	December 31, 2020
	Unaudited	Audited
Cost		
Balance at beginning of year	₱–	₱21,000,000
Disposal during the year	–	21,000,000
Balance at end of year	–	–
Cumulative unrealized gain (loss) on debt instrument at FVOCI		

Balance at beginning of year	–	238,953
Unrealized gain (loss) during the year	–	(238,953)
Balance at end of year	–	–
	P–	P–

Interest income earned from the UBP Tier Note amounted to ₱0.15 million for the nine-month period ended September 30, 2020.

9. Accounts Payable and Other Current Liabilities

	September 30, 2021	December 31, 2020
	Unaudited	Audited
Accounts payable	₱36,314	₱183,385
Accrued expenses:		
Professional fees (Note 13)	619,650	563,400
Output VAT	48,027	-
Deferred output VAT	185,914	127,903
Withholding tax payable	-	8,000
	₱889,906	₱882,688

Accounts payable, accrued expenses, deferred output VAT and output VAT are noninterest-bearing and are normally settled within the next financial year. Accrued expenses represent audit fees, retainer fees and miscellaneous expenses.

10. Equity

a. Capital Stock

The Company has 10,000 authorized, issued and outstanding common shares with ₱10.00 par value per share.

The following summarizes the information on the Company's registration of securities with the SEC as required by Revised Securities Regulation Code Rule 68:

Date of SEC Approval	Authorized Number of Shares	Number of Issued Shares	Issue/ Offer Price
July 30, 2007	945,432,000	945,432,000	₱8.50

b. Retained Earnings

On March 26, 2021, the BOD approved the Company's declaration and distribution of cash dividends amounting to ₱2.10 million to all stockholders of record as at April 22, 2021 and to be paid on May 18, 2021.

On April 13, 2020, the BOD approved the Company's declaration and distribution of cash dividends amounting to ₱1.30 million to all stockholders of record as at April 27, 2020 and were paid on June 2, 2020.

On March 29, 2019, the BOD approved the Company's declaration and distribution of cash dividends amounting to ₱2.21 million to all stockholders of record as at April 22, 2019 and were paid on May 14, 2019.

11. Operating Expenses

The components of the company's operating expenses for the nine-month period ended September 30 are as follows:

	2021	2020	2019
Listing fees	₱307,514	₱297,657	₱295,059
Per diem	170,000	-	-
Professional fees	236,250	324,286	356,250
Taxes and licenses	16,362	27,952	27,022
Rental expense	-	8,036	-
PDR conversion expenses	5,897	4,659	1,966
Transportation	3,867	2,433	834
Miscellaneous	2,403	8,392	38,982
	₱742,293	₱728,414	₱720,112

12. Income Taxes

Provision for income tax as shown in the statements of comprehensive income for the nine-month period ended September 30 consists of the following:

	2021	2020	2019
Final tax on interest income	₱78,683	₱139,130	₱316,988
RCIT	1,914,369	105,903	3,992
	₱1,993,052	₱245,033	₱320,980

The reconciliation of the provision for income tax computed at statutory income tax rate to provision for income tax as shown in the statements of comprehensive income for the nine-month period ended September 30 is summarized as follows:

	2021	2020	2019
Provision for income tax computed at statutory income tax rate of 30%	₱-	₱367,533	₱389,596
Provision for income tax computed at statutory income tax rate of 25%	2,239,955	-	-
Income tax effects of:			

Movement in unrecognized deferred tax assets	-	-	160,151
Interest income subjected to final tax	(246,903)	(122,500)	(228,767)
Expired NOLCO and MCIT	-	-	-
	₱1,993,052	₱245,033	₱320,980

Deferred Tax Assets

The components of unrecognized deferred tax assets are as follows:

	September 30, 2021	December 31, 2020
	Unaudited	Audited
NOLCO	₱39,799	₱39,799
MCIT	-	-
	₱39,799	₱39,799

As at September 30, 2021, NOLCO and MCIT that can be claimed as deduction from future taxable income and RCIT due, respectively, are as follows:

Date Paid/Incurred	Carryforward Benefit		NOLCO	MCIT
	Up To			
December 31, 2018	December 31, 2021		₱-	₱34,279
December 31, 2019	December 31, 2022		672,342	5,520
			₱672,342	₱39,799

The movements in NOLCO and MCIT follow:

	September 30, 2021	December 31, 2020
	Unaudited	Audited
NOLCO:		
Balance at beginning of year	₱-	₱672,342
Addition	-	-
Application	-	(672,342)
Expiration	-	-
Balance at end of year	₱-	₱-
MCIT:		
Balance at beginning of year	₱39,799	₱39,799
Addition	-	-
Expiration	-	-
Balance at end of year	₱39,799	₱39,799

13. 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.

Terms and Conditions of Transactions with Related Parties

There have been no guarantees provided or recovered for any related party receivables or payables and settlements occur in cash. In January to September of 2021 and as at December 31, 2020, the Company's financial statements include the following amounts resulting from the transactions with related parties as at September 30:

Category	Year	Amount/Volume of Transactions	Outstanding Payable	Terms	Conditions
Shareholders					
Portion of proceeds retained from the issuance of PDRs	2021 2020	₱– –	₱47,271,600 47,271,600	On demand upon exercise of PDRs, noninterest-bearing	Unsecured
Belo, Gozon, Elma Law Firm	2021 2020	– 80,000	428,400 428,400	On demand, noninterest-bearing	Unsecured
GMA Network, Inc.	2021 2020	– –	21,814 –	On demand, noninterest-bearing	Unsecured

The outstanding balance of “Due to shareholders” account in the statements of financial position pertains to the portion of the original proceeds from the issuance of PDRs retained by the Company as the PDR issuer in consideration for the rights granted under the PDRs equivalent to ₱0.05 per PDR. This amount will be used for the liquidation of expenses related to the issuance of the PDRs. Any excess is to be remitted to the selling shareholders.

The Company's key management personnel are employed by GMA and no part of their salaries was allocated to the Company.

14. Financial Risk Management Objectives and Policies

The Company's principal financial instruments include cash and cash equivalents, accounts receivable and debt instrument at FVOCI. The main purpose of these financial instruments is to finance the Company's operations. The Company has other financial assets and liabilities such as accounts receivable, accounts payable and other current liabilities (excluding deferred output VAT) and due to shareholders, which arise directly from its operations.

The main risks arising from the Company's financial statements are as follows:

- *Liquidity Risk.* Liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet commitments from financial instruments.
- *Interest Rate Risk.* Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.
- *Credit Risk.* Credit risk arises from default of the counterparty.

The BOD reviews and approves the Company's objectives and policies.

Liquidity Risk

The Company's objective in liquidity management is to ensure that the Company has sufficient liquidity to meet obligations under normal and adverse circumstances and is able to take advantage of investment opportunities as they arise.

The Company manages its liquidity risk by using its cash and cash equivalents from operations and interest income from debt instrument at FVOCI to meet its short-term liquidity needs. The Company likewise regularly evaluates other financing instruments and arrangements to broaden the Company's range of financing sources.

The tables below summarize the maturity profile of the Company's financial assets used for liquidity risk management purposes and financial liabilities based on contractual undiscounted payments as at September 30, 2021 and December 31, 2020:

As at September 30, 2021 (Unaudited)				
	On Demand	3 to 12 Months	More than 1 year	Total
Financial Assets				
Cash and cash equivalents	P53,759,724	P-	P-	P53,759,724
Accounts receivable	1,817,270	-	-	1,817,270
	P55,576,994	P-	P-	P55,576,994
Financial Liabilities				
Accounts payable and other current liabilities*	P703,992	P-	P-	P703,992
Due to shareholders	10,888,345	36,383,255	-	47,271,600
	P11,592,337	P36,383,255	P-	P47,975,592

*Excluding deferred output VAT amounting to P185,914.

As at December 31, 2020 (Audited)				
	On Demand	3 to 12 Months	More than 1 year	Total
Financial Assets				
Cash and cash equivalents	P49,088,997	P-	P-	P49,088,997
Accounts receivable	1,258,984	-	-	1,258,984
	50,347,981	-	-	50,347,981
Financial Liabilities				
Accounts payable and other current liabilities*	754,785	-	-	754,785
Due to shareholders	13,148,560	34,123,040	-	47,271,600
Liquidity portion (gap)	P36,452,636	(P34,123,040)	P-	P2,329,596

*Excluding deferred output VAT amounting to P127,903.

Interest Rate Risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt security which is subject to fair value interest rate risk.

Fair Value Interest Rate Risk. The Company's debt security earns interest at a fixed rate of 5.38% from the 1st to the 21st interest payment dates and a rate based on the 5Y PDST-R2 plus 196 bps from the 22nd interest payment date to the last interest payment date. The following table below demonstrates the

sensitivity of fair value changes due to possible change in interest rates with all other variables held constant (through the impact on other comprehensive income).

Credit Risk

With respect to credit risk arising from cash and cash equivalents, accounts receivable and debt security, the Company's exposure to credit risk arises from default of the counterparty. The maximum exposure of accounts receivables and debt security is equal to their carrying amounts. For cash and cash equivalents, the maximum exposure is ₱53.26 million and ₱48.59 million as at September 30, 2021 and December 31, 2020, respectively, or the carrying amount less insured amount by the Philippine Deposit Insurance Corporation equivalent to the actual cash in bank balance to a maximum of ₱0.50 million per depositor per bank. It is the Company's policy to enter into transactions with a diversity of credit worthy parties to mitigate any significant concentration of credit risk. The Company has an internal mechanism to monitor the granting of credit and management of credit exposures. The Company will make provisions, when necessary, for potential losses on credits extended. The Company does not require any collateral for its financial assets.

As at September 30, 2021 and December 31, 2020, the financial assets are generally viewed by management as good and collectible considering the credit history of the counterparties. No financial assets were identified by the Company as past due or impaired financial assets as at September 30, 2021 and December 31, 2020.

Credit Quality of Financial Assets

The credit quality of financial assets is managed by the Company using high grade and standard grade as internal credit ratings.

High Grade. This pertains to a counterparty who is not expected by the Company to default in settling its obligations, thus, credit risk exposure is minimal. This normally includes large prime financial institutions and related parties.

Standard Grade. Other financial assets not classified as high grade are included in this category.

The Company classified its cash and cash equivalents (excluding cash on hand), accounts receivable and debt security as high grade financial assets as at September 30, 2021 and December 31, 2020.

Capital Management

The primary objective of the Company'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 Company 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 Company may adjust the dividend payment to shareholders, payoff existing debts, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes as at September 30, 2021 and December 31, 2020.

The Company's capital management is undertaken by GMA. The Company's capital includes the total equity, before other comprehensive income, which amounted to ₱6.97 million and ₱2.22 million as at September 30, 2021 and December 31, 2020, respectively.

The Company is not subject to externally imposed capital requirements.

15. Fair Value Measurement

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

Cash and Cash Equivalents, Accounts Receivable, Accounts Payable and Other Current Liabilities (excluding VAT) and Due to Shareholders

The carrying amounts of these financial instruments approximate their fair values due to the short-term maturities of these financial instruments.

Debt Instrument at FVOCI

The estimated fair value of debt instrument at FVOCI is based on the discounted values of future cash flows. The discount rates used were based on the spot yield curve derived from government securities of different tenors plus an estimate of the counterparty's credit spread, which is based on the counterparty's credit rating. The fair value is under level 3 of the fair value hierarchy.

16. Basic/Diluted Earnings Per Share Computation

Basic/diluted EPS for the nine-month period ended September 30 are computed as follows:

	2021	2020	2019
Net income attributable to equity holders (a)	₱6,966,766	₱972,041	₱977,674
Common shares issued at beginning and end of year (b)	10,000	10,000	10,000
Basic/diluted earnings per share (a/b)	₱696.68	₱97.20	₱97.77

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

GMA HOLDINGS, INC.**Schedule of Financial Ratios**

Financial Ratios	Description	September 30, 2021 Unaudited	December 31, 2020 Audited
Current/liquidity ratio	Current assets over current liabilities	1.15	1.05
Asset to equity ratio	Total asset over total equity	7.86	22.73
Debt to equity ratio	Total liabilities over total equity	6.86	21.73

Financial Ratios	Description	September 30, 2021 Unaudited	September 30, 2020 Unaudited	September 30, 2019 Unaudited
Return on equity	Net income over total equity	98%	84%	98%
Return on asset	Net income over total assets	12.5%	2%	2%
EBITDA margin	Earnings before interest, tax and depreciation and amortization over total revenue	92%	63%	64%

OTHER FINANCIAL INFORMATION

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

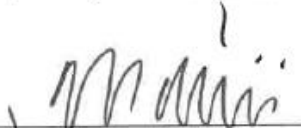
SIGNATURES

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

Issuer: **GMA HOLDINGS, INC.**

By:


FELIPE S. YALONG
Chief Operating Officer/Chief Financial Officer


RONALDO P. MASTRILI
Comptroller

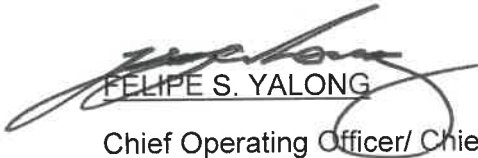
Certification

We FELIPE S. YALONG, Chief Operating Officer/ Chief Financial Officer and RONALDO P. MASTRILI, Comptroller of GMA HOLDINGS, INC. with SEC registration number CS200602356 with principal office at 5D Tower One, McKinley Place, New Global Bonifacio City, Fort Bonifacio, Taguig City 1630, on oath state:

- 1) That on behalf of GMA Holdings, Inc., we have caused this Quarterly Report (SEC Form 17-Q) to be prepared;
- 2) That we read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
- 3) That the company GMA Holdings, Inc. will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and
- 4) That we are fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

NOV 10 2021

IN WITNESS WHEREOF, we have hereunto set our hands this _____ day of _____, 20__.


FELIPE S. YALONG
Chief Operating Officer/ Chief Financial Officer

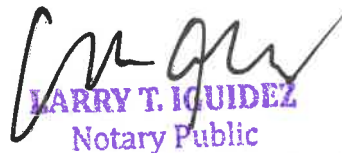

RONALDO P. MASTRILI
Comptroller

NOV 10 2021

SUBSCRIBED AND SWORN to before me this _____ day of _____, 20__.

affiants exhibited to me their TIN 102-874-052 (Felipe S. Yalong) and TIN 102-091-842 (Ronaldo P. Mastrili).

NOTARY PUBLIC


LARRY T. IQUIDEZ
Notary Public

PTR No. 0696276, 01-5-21, Q.C.
IBP No. 133311, 11-24-20, Q.C.
Roll No. 20434

MCLE Compliance No. VI-0017289, 01-24-19
Notarial Comm. Adm. Matter
NP 061 (2021-22) RTC QC

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BOOK NO. 5
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